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THURSDAY, OCTOBER 18, 1956

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Name Fred Parker President at Neb. Agents Convention

Commissioner Praises Association Program; Resolutions Adopted

The theme "Service in the Public Interest" prevailed throughout the annual convention of the Nebraska Assn. of Insurance Agents last week at Lincoln.

At the Friday luncheon session, Thomas R. Pansing, Nebraska insurance director, praised the association for what he termed "a continued program of unselfish service to the people of Nebraska throughout the years. I have never seen a single instance in which this association," he stated, "put its own interest ahead of and to the detriment of the interests of the insurance-buying public."

Fred Parker, Nebraska City, was elected president, succeeding George G. Barker, Omaha, who was reelected state national director. Mr. Barker also becomes chairman of the executive committee. It is customary for officers to be advanced one step in rank, and the only new officer is the secretary-treasurer, John J. Brittan of Alliance.

The new first vice-president is Leo J. Beck Jr., Lincoln. New second vice-president is Jack B. Norris, Hastings. Richard C. Allgood, Lincoln, is the executive secretary.

Distinguished service awards were presented to five agents by outgoing president Barker. Sutton Hice, York, was honored for his work in behalf of

(CONTINUED ON PAGE 43)

Highlights of the Week's News

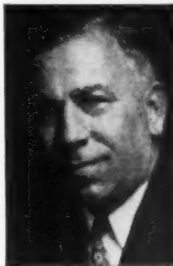
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FIA Names Forristall Chief Stanley Aide: Smith Heads NYFIO

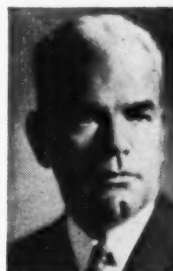
W. H. Forristall, assistant general manager of Factory Insurance Association, will succeed Frank D. Ross as general manager on Nov. 1. Sumner Stanley, manager of New York Fire Insurance Rating Organization, has been named one of three new assistant general managers, and K. O. Smith has been moved up to the top NYFIO post.

Mr. Ross is retiring from active duty with FIA after 30 years. He will continue as a consultant. He joined FIA in 1926 as assistant manager. He became manager in 1943, vice-president in 1945 and general manager in 1951.

Mr. Forristall has been with FIA for 38 years. He was named assistant



W. H. Forristall



Frank D. Ross



H. Sumner Stanley

manager in 1942 and then was promoted to manager, vice-president and assistant general manager.

Mr. Stanley has been manager of NYFIO for several years. Previously he served as assistant manager and district manager.

Mr. Smith started with NYFIO in 1937 at Buffalo and became superintendent of the special risks suburban division in 1946. He was advanced to district secretary at Rochester in 1949, director of special risks at New York City in 1951 and assistant manager of the organization in 1953.

The two other assistant general managers of FIA are John H. Keenan, who will continue as head of the eastern regional office, and Walter L. Sundstrom, who will remain in charge of the western regional office.

Robert M. Taft, former assistant to the management at Hartford, will become assistant manager. Gordon Drysdale will become assistant to the chairman of the executive committee.

Argonaut Group Names Lloyd Special Agent

Argonaut group has appointed E. G. Lloyd Jr. special agent in the production department at Los Angeles.

Mr. Lloyd entered insurance in 1936.

Combined Auto Statistics Planned for Pacific Coast

LOS ANGELES—Negotiations toward the combining of statistics of National Bureau of Casualty Underwriters and Pacific Coast Advisory Assn. for automobile rate making on the Pacific Coast are under way with the enthusiastic support of western insurance officials.

This move by the National Bureau indicates agreement with the program strenuously proposed by west coast company people to enhance the credibility of statistics, particularly in automobile, by taking into account whatever data might be available from organized non-bureau companies. Following the 1956 spring meeting of Pacific Surety & Insurance Conference machinery was set up to pursue this objective on the part of that organization. In May, representatives of coast companies, Pacific Surety & Insurance Conference, and Pacific Coast Advisory Assn. went to New York to confer with William Leslie of the National Bureau and representatives of the member companies. Later on it became known that Commissioner McConnell of California had been giving the automobile rate problem careful study, acting on the premise that there had been too long a lag in rate reviews in California by the Bureau and National Automobile Underwriters Assn. The department felt that rate increases were needed to cope with pyramiding losses, and Mr. McConnell observed that the California rate laws imposes a responsibility on rating bureaus to provide statistical information reflecting current experience and going into the adequacy of rates. It was known that one of the results of Mr. McConnell's study was an indication that rates should be boosted in California by about 25%.

Mr. Leslie sent out a request for a meeting with executives of west coast

(CONTINUED ON PAGE 43)

Griffith Succeeds Winter as President of Missouri Assn.

Unity, Harmony Prevail as St. Louis Board Gets Hearty 'Welcome Back'

By C. L. MANNING

ST. LOUIS—Unity and harmony permeated the convention of Missouri Assn. of Insurance Agents here this week as speakers and officers welcomed members of Insurance Board of St. Louis back into the state



F. Vernon Griffith



Lyman L. Winter

association. Some 300 agents, company men and representatives of allied fields attended the three-day meeting.

The association went on record as opposed to compulsory insurance for the state but in favor of an optional UM endorsement, and recommended that companies be asked to provide such an endorsement in Missouri. In other resolutions, the agents voted to work toward obtaining a new insurance code for the state and an agents and brokers qualification law, and to support traffic safety programs, the movement for appointment of a state fire marshal, drivers licensing programs in high schools and the legislative program of the state highway

(CONTINUED ON PAGE 42)

Late News Bulletins . . .

National Fire Elects Dwyer Executive V-P

National of Hartford has elected Robert A. Dwyer executive vice-president to succeed Walter W. Corry, who retired Oct. 1. He joined the company at the home office in 1929 and was appointed special agent in Pennsylvania in 1932. After assignments in Pittsburgh, Philadelphia and Harrisburg, he was recalled to the home office in 1939 as agency superintendent. In 1940 Mr. Dwyer was elected assistant secretary, and secretary in 1944. He was made assistant vice-president in 1949 and was promoted to vice-president and secretary in 1952.

\$1.5 Million Loss in Pacific Air Crash

Insured loss on the hull of the Pan American stratorcruiser that crashed in the Pacific ocean, 1,000 miles off the west coast, was \$1.5 million. U. S. Aviation Underwriters placed the coverage.

All 31 persons aboard were rescued. Five were injured slightly but required only first aid treatment.

The plane, en route from Honolulu to San Francisco, had just passed the point of no return when it developed trouble in two of its four engines. The pilot, Capt. Richard Ogg, decided to turn back 10 miles to a coast guard cutter he had just passed. He circled the cutter for about four hours making test passes at landing in choppy seas. Twenty minutes after Capt. Ogg ditched the giant airliner, it broke in half and sank.

Halt Federal Trend Toward Usurpation, Lowell Mason Urges

**Defend the Barrier Here
and Now in Insurance, Is
FTC Members Advice**

"If the federal pattern of usurping states' responsibilities is to be stayed at all, perhaps the barrier had better be defended here and now in the field of insurance," Lowell B. Mason, member of the Federal Trade Commission, declared in his talk at the luncheon of the Legal Section of the American Life Convention during the ALC annual meeting at Chicago.

"How much and what kind of role shall the federal government take in the management of people's lives?" he asked. "How can we distinguish between liberty and tyranny when today's tyranny is so obscured?"

"Lest you put down my remarks as the kind of general observations that make up a jolly but harmless after-luncheon talk, may I ask you: Who will point up the tyrannies that creep bit by bit into our administrative decisions, unless men well versed in the law speak out?"

Indicating why insurance is a good field for pushing back federal encroachment, Mr. Mason said:

"Here and now Congress has spoken in favor of state responsibility.

"Here and now the states have filled the vacuum created by the Southeastern Underwriters decision and public

law 15 by enacting their own state unfair practice acts.

"Here and now the Federal Trade Commission has thrown the gauntlet of federal supremacy into the face of the insurance industry.

"This is a serious business.

"Those federal trade commissioners who comprised the majority are all able, competent lawyers of vast experience. Sworn to uphold the statutes of the United States, regardless of whether they endorsed the wisdom of the congressional acts, they honestly differ with Judge Gwynne and myself as to what public law 15 means.

"You may not like what they say any more than the ore likes the assayer's fire, but in a way, the insurance world owes them this debt of gratitude. Their order makes it possible to determine once and for all the particular jurisdictional question involved. And as I look at the facts in the American Hospital case, I think you must concede the commission has been more than generous in the kind of case it has put in the ring for you to do battle with.

"Yes, I know the 41 complaints the Federal Trade Commission filed were all in the field of health and accident advertising. But those of you who have read the history of Genghis Khan knows the smart tyrant takes only one city at a time.

"If my satirical admonition lacks specificity, let me quote what Tom Pansing, director of insurance for Nebraska, said at this year's meeting of the American Bar Assn. insurance section:

"The American Hospital decision returns the insurance regulatory problem to the confusion of the dark days after the Southeastern Underwriters case and before the McCarran-Ferguson act. Majority opinion would require an immediate transfer of active regulation from the several states' capitols to Washington. The same language in the act and the same construction of that language as has been

(CONTINUED ON PAGE 35)

Casualty Rates Need Boost Soon, Public Actuaries Told

Casualty underwriting results in the first six months of 1956 and "the terrific increase in excess losses" being reported to reinsurers indicate there will have to be some prompt rate increases in the primary field "or some companies will be in serious trouble," William T. Fee, vice-president at Chicago for Employers Reinsurance, told Conference of Actuaries in Public Practice at its meeting in Chicago last week.

Mr. Fee said the experience of Employers Re has taught it that it must put up in unreported loss reserve at the end of each accounting period all of its earned premiums not already paid or set aside for reported losses and overhead. The company shows a 100% loss ratio on current operations, but two or three years later if reported losses have not "drained out" all of that reserve, Employers can begin to take some of it down and put it into the profit column. The current rate structure for excess limits, however, is inadequate, Mr. Fee declared. The charges are based on tables promulgated many years ago and increased only once, in 1951, when all casualty reinsurers were losing so much money that without an increase in the excess tables they would have been charging more for reinsurance than the primary companies were collecting from their insured. Continued inflation and higher jury verdicts have kept the excess tables behind the times ratewise.

The claim department of Employers Re works closely with its treaty companies in settling claims in which it may be involved, Mr. Fee remarked. Employers has learned the hard way, having suffered a \$7 million underwriting loss in 1951, that it takes from 3 to 7 years for liability reinsurance claims to mature. Mr. Fee showed a table giving total liability incurred losses at the end of each year on claims that occurred during the year in question, noting that in 1947, for example, only 29% of the actual loss occurred in that year, by the end of 1948 it had increased to 76%, and it went up each year thereafter until at the end of 1955 when the company believed it was close to the final figure.

The cost of living index is a factor in the experience of a casualty reinsurer, Mr. Fee added. After the loss reaches the primary company's retention, the reinsurer gets the full impact of any increases in the index. The cost of living is now going up after three years of stability, following wage increases in the steel industry and in other industries that will follow suit. If a reinsurer writes business over low

(CONTINUED ON PAGE 29)

N. C. Bureau Asks 11.9% Rate Hike, \$50 EC Deductible

Proposing an increase of but 11.9% in rates, the North Carolina Fire Insurance Rating Bureau has asked Commissioner Gold once more to approve an optional \$50 deductible for extended coverage insurance and separate coverage for radio and television antennae.

The proposed rate increase would amount to only \$788,000 a year, whereas the rating bureau said loss experience for the 10-year period through 1955 would justify an increase of 205.84% or \$13,604,188. Commissioner Gold indicated in April, when he turned thumbs down on the deductible proposal, that he would be willing to approve an increase of about \$1,800,000 a year plus separate antenna coverage.

The commissioner indicated the hearing will not take place before the latter part of November.

W. S. Bizzell, manager of the rating bureau, said that a deductible is needed to reduce the number of small maintenance type claims. He pointed out this could be coupled with the separate antenna coverage to avoid a heavy rate increase. He said that the impact of rate increases in one year sufficient to secure a 50% loss ratio would probably be too great.

The bureau first asked for rate increases of \$3,800,000 last year, plus a mandatory deductible and separate antenna coverage. Mr. Gold refused to approve this on grounds it was excessive. The bureau filed again, reducing its premium request to about \$1,600,000 and asking for an optional deductible and the antenna clause. Mr. Gold again refused, largely because of the deductible. The new filing represents the bureau's first reaction to the commissioner's second decision.

The deductible provision and rate increases in the western part of the state drew fire last year from numerous agents.

It proposed rate increases for all dwellings, including farm dwellings, in the seacoast territory from 14 to 20 cents per 100 and in the central section of the inland territory from eight to 11 cents. It also proposed to increase the rates on barns from 27 to 40 cents in the seacoast area and from 23 to 32 cents in the central section. Rates in the western section's 46 counties would remain unchanged at eight cents for dwellings and 23 cents for barns.

The deductible, however, would apply to all territories. Under the plan, an insured could elect to carry full coverage but the first \$50 would cost \$7.50 in the seacoast counties, \$5 in the central counties and \$4 in the western counties. Antenna coverage would cost \$7.50 seacoast, \$5 central and \$4 western.



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INSURANCE COMPANY LIMITED

UNITED STATES HEAD OFFICE
SINCE 1875
SAN FRANCISCO

MULTIPLE LINES

Advertising Award Winner Says Good Program Brings Business in the Door

Agents are constantly being told to get out of their offices and solicit business, but a few hours a month planning an effective advertising program can bring more profits through the front door than can be solicited in the same amount of time, C. Fred Gund Jr. of Crawford, Neb., told the annual meeting of Nebraska Assn. of Insurance Agents. Mr. Gund was the winner of the grand award of Insurance Advertising Conference in 1956, and he told the agents what his program consisted of and how successful it has been for him.

"I'm not running down the time spent soliciting," Mr. Gund observed, "I'm saying you will show much more growth if part of your energy is devoted to advertising. Another old-fashioned idea that I believe is all wrong is the theory that advertising is simply a preparatory step to be followed up by personal solicitation. That's malarky! Consistent good advertising will make the sale for you—all you need to do is to advertise and fill out the app after he walks in the door."

Mr. Gund said he believes the success of direct writers is due more to advertising than to price. Many small companies had a low price before, but they never scared the agents until they began to advertise and grow, he noted.

While attending the IAC meeting as a grand award winner, Mr. Gund said he visited with winners in other classes and learned that each of the four winners felt that a different media was best for his own use. The only method of selling on which all agreed was direct mail. Mr. Gund has had his best success from radio advertising.

Late in 1954 a small radio station was established at Chadron, Neb., about 25 miles east of Crawford. After discovering that nearly everyone in Crawford was listening to the Chadron station, Mr. Gund decided to try radio advertising. He bought one minute of the best time—12:10-12:11 which put him between the local and national news. He tape recorded a set of 12 talks covering various types of policies, surveys, claims, policy limits, and premium financing. Mr. Gund did his own announcing in a conversational tone. The talks produced immediate results and have continued to bring in new business over the past 24 months. "Every month for two years I have had enough new commissions to more than cover all the cost of advertising. I strongly recommend that you try something of this sort if your customers are listening to the local radio or television station," he said.

The next most effective media for Mr. Gund was direct mail. Originally he had his office girl type the same friendly letter over and over with the result that he had a return of 3% to 50% depending on the type of coverage being emphasized. "Results have averaged at least 10% and any agent is asleep who isn't trying direct mail solicitation of either new coverages or new customers."

Mr. Gund said he does not use company mailing pieces because he has been unable to get results from them. He is now using a high quality mimeograph with charcoal grey ink so that when the address and greeting is typed in it looks like an original.

Newspaper advertising has not produced good results for Mr. Gund, but

he admitted that he is using prestige type advertising and the people he has talked to who have had the best results use the personal editorial type of column.

Highway signs are another media that can bring results, although this form of advertising is neglected by 95% of the agents. Direct writers use it, "and I imagine they must be getting results or they wouldn't have Scotchlight signs up on every side of every town." Mr. Gund said he has tried several ideas and is certain that a set of Burma Shave type signs with reflective paint will bring business. They cost about \$100 but are worth the money.

He has used other advertising gimmicks such as calendars, birthday cards, ball point pens, matches and other give-away gadgets. He particularly liked a shoulder rest for telephones which he placed on every business phone in town. He had a simple

message reading "Phone 3 for the Best Insurance Service."

During 1955, Mr. Gund said, he spent about \$2,000 on this advertising program but wrote \$20,000 in new volume and 90% of it came in the front door. Thus it does not cost a large amount of money to get into the advertising business in a big way.

"The best start is by direct mail," he advised, and when you've got your money back in new commissions, invest it again. I started out with an expenditure of \$54 per month. If you plan your advertising to sell for you, you'll soon be getting results that more than pay the advertising expense, and you've built renewal commissions rapidly without any cash outlay. . . . You are going to have to learn to use radio, television, direct mail, newspapers and every other media if you are going to get your share of the consumers' dollar."

Donald C. Jackson, local agent of Toledo, O., was the winner of Babaco Alarms Systems' model truck trailer at the recent convention of National Assn. of Insurance Agents in New York City. It was awarded as a doorprize.

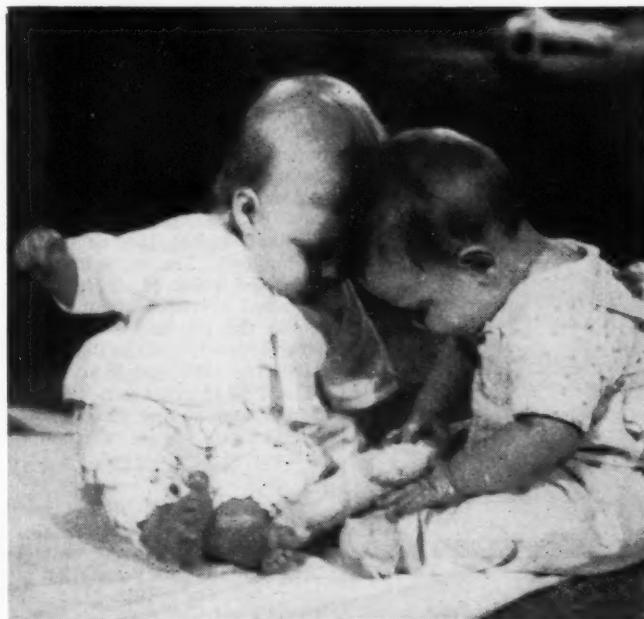
Weintraub Group Elects Two V-Ps

Denzel G. Rogers has been elected vice-president of American Title and its affiliates, Equity General and Reliable, to assist in the development and service departments of the companies.

He was formerly manager of the inland marine and multiple peril departments of Maryland Casualty. Before that he was with Fidelity & Guaranty for 20 years as fire underwriter and state agent.

Donald W. Davis has been elected a vice-president of Reliable in charge of production and underwriting for Ohio. He has been in insurance since 1929. He joined Ohio Casualty in 1942 as the chief casualty automobile underwriter and later became head casualty underwriter of Wolverine. He established the casualty department of Michigan Surety prior to joining Reliable at the home office in Dayton.

Insurance Women of Southern New Jersey at their October monthly meeting heard reports by Margaret A. Wambold, Region I director of NAIW, and Marian E. Cox, chairman of the NAIW safety committee.



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INSURANCE GROUP

1957 Auto Design Changes Will Produce More Cost Headaches for Insurers

William P. Henderson of the *Henson Tire Co., Detroit*, predicts that the 1957 automobiles will incorporate design and styling changes that will prove expensive to the insurers. The *Detroit area*, he says, offers a unique barometer of things to come for the rest of the country and makes the *Detroit experience* more significant than that in other parts of the country. Mr. Henderson comments:

It is somewhat difficult for people living outside of this automobile producing area to fully understand and feel what is taking place in the automotive industry. It is an accepted fact by the automotive leaders that the automobile will change more in the 10 year period beginning in 1955 than in the previous 25 or 30 years. Major body styling and design changes in complete new models will be stepped up to a two year cycle with a radical facelifting job on the off year. In the past it has been a three year cycle. This alone will set a faster change tempo. It is a logical conclusion that the very competitive auto industry will take full advantage of the recent technological advances and the millions spent in research by all manufacturers. You can be sure the product you insure will be an ever changing one, that will bring new challenges and demand forward thinking by the automobile insurance industry.

One major change apparent to everyone is safety glass used in new models. Placing a dollar value on the product makes the change easy to understand. Six or seven years ago the retail value of all the safety glass installed averaged about \$80 per car. Today the average is \$250. A current wrap-around windshield averages \$100. The 1957 models average will be \$110. This increase is nearly all due to design and styling changes as safety glass has only gone up about 12% in this period.

If you are in doubt that design and styling changes can materially affect physical damage repair costs let's go back and analyze a condition of a few years ago. On a 1948 Ford a \$50 deductible collision coverage was written profitably at a low cost. Because the car moves forward the most common type damage is a front end collision. A 10 mile an hour impact produced low cost repairs. If you can visualize a Ford of that year it had a narrow spring steel bumper mounted almost a foot in front of the grill and the fenders were well back. Such a repair bill would be: Bumper \$13.80; grill sections \$13; 2 bumper arms, minor bumping and painting of the front fenders, and labor—a total of about \$48, which would be no loss, under a deductible, to the insurance company.

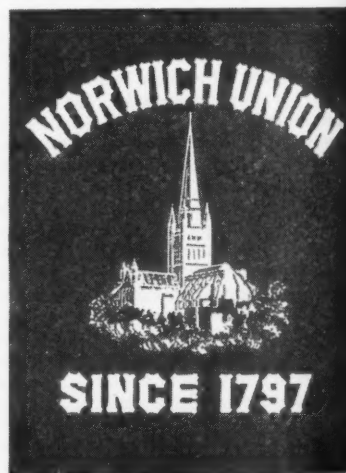
Try to visualize a 1949 Ford. Design and styling changes moved a much lower, wider, more expensive grill forward only a few inches from a more expensive, weaker bumper. The same impact as above now required replacement of many more parts which were much more expensive, including a splash panel, parking lights, grill supports, radiator repairs and extensive repair to the front fenders which now became complete panels. An average repair bill of about \$120. Thus an insurance loss on this coverage due to car styling and design changes went from zero to \$70 on the most common

of all accidents. Similar styling and design changes were made on all popular cars in the same year. The insurance industry felt the impact of these changes in the early 50s as a high percentage of these cars were on the road. In *Detroit* we felt the full impact of this as some companies stopped writing auto coverage or reduced to very selected risks. As rates are generally established by loss ratios from experience that is two years old, the time lag is far too great when there is a rapid upward revision of cost. But it wasn't the low local insurance rates that gave a bad local experience during this changing period. Here in *Detroit* we have twice as many new cars on the road as any other place. Traditionally Wayne county, an area including *Detroit*, has purchased 3% of the national new car sales. The 1955 sales figures serve to illustrate—Wayne County had a total car registration of 845,000 and new car sales of 225,000. At the end of 1955 more than 1 out of 4 cars were new models. Nationally, total car registration was 56 million and new car sales 7 million. At the end of 1955 less than 1 out of 8 cars were new models.

To know how greatly the above figures can affect physical damage repair costs, we can be specific by giving actual figures on another phase of the automobile service industry not connected with the insurance business.

In the tire business a marketing area like Wayne county with 845,000 cars registered should produce tire sales of 1.2 tires per car, about 1 million tires at \$25 per tire or a \$25 million tire replacement market. This is what takes place—national sales figures show 2 used cars are sold for every new car sold. In Wayne county, where 225,000 new cars were sold in

(CONTINUED ON PAGE 25)


Surplus Fire Lines

American Market

UNDERWRITERS MANAGEMENT CORP.
Court Square Building
Baltimore 2, Md.

PHONE:
PLaza 2-7250

TWX:
BA 154

Actuaries in Public Practice Elect Campbell; Study Technical Problems and PR Program

Members of the Conference of Actuaries in Public Practice at their annual meeting in Chicago this week took time out from discussion of technical problems to review what could be done in the way of public relations. After some discussion, a special committee was appointed to study means of alleviating the shortage of trained personnel created by the growing need of actuaries in industry, acquainting the public with the nature and type of service performed by an actuary, and publicizing the experience and technical competence requirements for membership in the conference.

Donald F. Campbell Jr. was elected president to succeed Harley N. Bruce. Other new officers are Harry S. Tresel, vice-president; Edward D. Brown Jr., secretary, and Harley N. Bruce, treasurer. All of the officers are of Chicago and were reelected directors for three-year terms. New directors elected are George B. Buck Jr. of New York City and G. Frank Waites of San Francisco.

In a discussion of pension fund investments, Richard L. Kennedy Jr. of Harris, Upham & Co. of Chicago, traced the growth and types of pension funds and expounded a recommended investment procedure. He pointed out that pension trust assets were at one time invested entirely in fixed income securities.

"However within the last five years the pattern of pension trust investment has completely changed as emphasis shifts with the recognition of the importance of fund earnings in re-

lation to costs or benefits—plus the important inflation factor," he said. "As cost conscious employers and benefit conscious employees became aware that a slight increase in fund earnings could reduce costs or increase benefits on a vastly multiplied rate, the performance of fund managers was scrutinized more closely. Investments at 2½% were not acceptable if 3½% or 4% could be achieved with due regard to safety."

He pointed out that inflation necessitated upward revisions of benefits, for which fixed income investments provided no offset. He said a good part of the answer to the problem, however, was found in common stocks—and thus investing in the true sense began.

The program recommended by Mr. Kennedy called for investment of 20% of the funds' assets in either marketable U.S. Treasury obligations or in non-marketable U.S. savings bonds, 40% in the corporate bond field 15% in preferred stocks bonds and the remaining 25% in common stocks.

"While questions may arise concerning all categories of securities, probably the most controversial and consequently the most interesting questions pertain to the use of common stocks," he said. "The shift to common stocks in recent years underlines the truism that investment patterns change with changing conditions. The crux of the common stock problem, however, is whether they are too high. There is no denying the fact that 1.37% spread between average stock and bond yields

today, makes stocks less attractive for income than a 2 or 3% spread such as has prevailed in the recent past.

"Furthermore, examination of some of the blue chip favorites reveals instances of yields below those of prime corporate bonds. However, many stocks with long and favorable dividend records are available at yields relatively attractive on an income basis. The problem has increasingly become one of selection in terms of fund objectives," he said.

"If trustees of a pension or profit sharing fund carefully estimate the liabilities of the specific trust, adopt investment ratios suited to these liabilities and then make purchases of securities relatively most attractive on prevailing markets, they may reasonably expect satisfactory results over a period of years simply through the operation of the law of averages. Common stocks tend to reflect inflation and income growth. If, therefore, suitable common stocks are acquired, as funds become available, at various market levels, favorable results are a reasonable expectation."

On the questions of timing of purchases, Mr. Kennedy said "a savings of a few points over a period of weeks sinks into insignificance over a period of years. He said that selection of purchases, however, is another matter since a pension or profit-sharing trust can survive bad timing but no trust can survive bad selection.

He concluded that a fund manager who first carefully estimates liabilities, diversifies his holdings according to the formula presented earlier and follows a consistent program of steady purchasing and periodically reviews his holdings in terms of changing con-

(CONTINUED ON PAGE 31)

Court Denies Appeal in N. Y. Suit To Win Reserves Under DBL

New York court of appeals has refused to hear an appeal by the New York Hotel Trades Council & Hotel Assn. insurance fund and other group policyholders in their lawsuit against Prudential and 15 other life and casualty insurers.

The action was an attempt by the holders of policies issued under the New York state disability benefits law to reach reserves held by the defendant companies to meet assessments to replenish the special fund from which benefits for the sick unemployed are paid. It was alleged that these policyholders were entitled to recover the amount of the excess of the reserves over the actual assessments.

The action was brought against 16 insurance companies about two years ago in New York state supreme court, where it was dismissed. The case was carried to the appellate division of supreme court where the dismissal was upheld.

The action by the court of appeals last week sustained the lower court's decision upholding the right of the companies to retain these reserves, inasmuch as the liability of the companies to meet assessments is a continuing one. The percentage of reserves is established by state regulation.

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Farmers Exchange to Appeal Tex. Ruling on Its Continuous Policy

Farmers Exchange has appealed a decision of the Texas board of commissioners denying it permission to add a provision to policies which would in effect say that they are in force until notice of cancellation is given the insured. The board holds that this form of continuous policy would destroy the use of the standard policy form.

IMIB Again Modifies PPF in New York City

Inland Marine Insurance Bureau has modified its personal property floater filing in Bronx, Queens, Kings and New York counties retroactive to Sept. 1.

Maximum credit off base rates for the deductible have been raised from \$52.50 to \$60 on annual policies and from \$157.50 to \$180 on three year forms. The provision in the coinsurance, limits of liability and deductible endorsement making coinsurance applicable separately to items (A) to (O) has been rescinded. Instead insurers will be liable for no greater proportion of any loss of unscheduled personal property than the amount, insured under the item, bears to 80% of the actual cash value of the unscheduled property. Also the insurer shall not be liable for more than the value set forth in paragraph seven in the declarations with respect to each separate class of property enumerated in (A) to (O).

The revised form also specifies that each claim for loss of unscheduled property shall be adjusted separately with a \$100 deductible, which, however, won't apply in loss or damage by fire or lightning.

Limits of liability can not be increased to 125% of the values in paragraph seven for a 15% increase in premium. This additional coverage will be included within the amount stated in item (A) of paragraph three and shall not increase the total amount of insurance on unscheduled property.

Pan American to Increase Its Capital

Pan-American of Houston plans to increase its capital to \$600,000 by the sale of \$100,000 in preferred stock for cash to present stockholders. The latest increase follows a \$150,000 stock dividend in 1955 and a \$100,000 stock dividend in 1954. Capital and surplus of Pan-American at the end of 1955 exceeded \$1 million.

James Bennett Is New President of California Agents

James P. Bennett, Los Angeles, was elected president of the California Association of Insurance Agents today with Roger Chickering of Oakland, vice president, and William J. Hobin, Stockton, secretary-treasurer.

With a near record attendance the convention has been featured by panels emphasizing the need for meeting the great potentialities for an increasing volume of business and methods of improving agency development and expansion.

John Henry Martin, manager of the Standard Forms Bureau, said that standard forms are a necessity and that while many company and agency forms have proved effective "a form war could be as disastrous as a rate war". For fullest protection of the public, new insurance coverages can best be developed on a cooperative industry-wide basis rather than by individual companies, he declared in stressing the value of standard forms.

Insurance is not a sick business, Frank Colridge of the Board of Fire Underwriters told the group in a talk in which he outlined the tremendous possibilities created by newcomers, the great expansion of business and the broader coverages developed during recent years, giving the industry new products which open wider fields for production. But to meet changing conditions and to strengthen the American agency system new blood should be brought into the business, by companies and agents, Mr. Colridge stressed. He also emphasized the productivity of meeting the newcomers to the agents' respective communities, a theme which was elaborated by James M. Miller, Jr., Sacramento, speaking on planned selling. All these new people bring automobiles, buy homes, etc., which mean policies and premiums, said Colridge who also discussed competition with other insurers and the efforts of other businesses to obtain some of the huge savings held by the people today. He stressed the importance of close cooperation between companies and agents to meet the challenge.

Laurence Canfield, of Santa Cruz, outlined the expansion of his agency; how he met the solicitor by taking in a partner after a year's trial and how many of his accounting problems, which were formerly inefficient, were

(CONTINUED ON PAGE 25)

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Franklin General Receiver Takes Over Firemens & Mechanics

INDIANAPOLIS—As was expected, Thomas Mahaffey Jr., insurance agency executive, was named receiver for Firemens & Mechanics here last week. Two weeks previously he had been named receiver for Franklin General, also of Indianapolis. The two insolvent companies are separate legal entities, but two years ago they merged operations and occupied the same

home office building. Both had operated under "special charters" predating the Indiana insurance code, and therefore have operated outside the jurisdiction of the Indiana department. Asa J. Smith had obtained judgments against both companies for unpaid services of a CPA firm, which touched off the receivership appointments.

Mr. Mahaffey has warned more than 35,000 Indiana residents insured in the two companies that they should seek insurance in other companies for their

own protection. The policyholders are being notified that their insurance is canceled. Also judges who have accepted bonds written by Franklin General have been notified that they are worthless.

There are some 1,900 claims totaling \$289,000 against the companies, which have been settled but not paid, and an estimated 400 suits are pending in the courts.

Insurance Women of Tyler (Tex.) at a recent meeting heard T. Bryant Scaif, field supervisor for Travelers, discuss the new family auto policy.

Travelers Promotes Ditz, Goldsmith at New Wichita Branch

Travelers has opened a new office in the Union National building in Wichita, Kan., and has named Gordon L. Ditz manager of casualty, fidelity and surety, and William G. Goldsmith, manager of fire and marine department.

Mr. Ditz started with Travelers in 1946 as a field supervisor at St. Paul and later that year was transferred to Kansas City. In 1952, he was appointed assistant manager there, with headquarters at Wichita, and the following year was headquartered at Kansas City in the same capacity.

Mr. Goldsmith joined the company in 1936 as a fire survey engineer and served in Milwaukee and Chicago. In 1945, he transferred to Kansas City and the following year was appointed superintendent of engineering there. In 1949, he became a special agent at that office and subsequently was appointed assistant manager with headquarters at Wichita and Kansas City. Prior to his affiliation with the company, he was associated with the Illinois Inspection Bureau at Chicago, and Kentucky Actuarial Bureau at Louisville.

Conn. Collision Policy Refunds Total \$400,000

Connecticut department has recovered more than \$400,000 for about 18,000 residents who were overcharged for insurance in connection with auto purchase financing and has indicated that it may still be able to collect another \$100,000.

Department examiners have searched more than 80,000 policies from 15 finance insurance companies so far and have determined incorrect ratings on more than 30,000 of them. By the end of the examination, the department estimates that at least another 5,000 car owners will be entitled to refunds. The average return to policyholders already made is \$23.82.

Western Adjustment Names Polacek to Marine Post

Western Adjustment has named T. J. Polacek marine manager for the metropolitan Chicago region. He will supervise inland marine, wet marine, and aviation operations for Cook, Lake and Eastern Du Page counties.

Mr. Polacek formerly served as manager of the Evanston branch and has been with the company since 1946. He previously served at Minneapolis and Oak Park, Ill. He is well known as an aviation surveyor and has specialized in marine adjustments.

G. F. Thompson will replace Mr. Polacek as manager of the Evanston office. He started with Western in 1940 and has had experience at Detroit and Indianapolis.

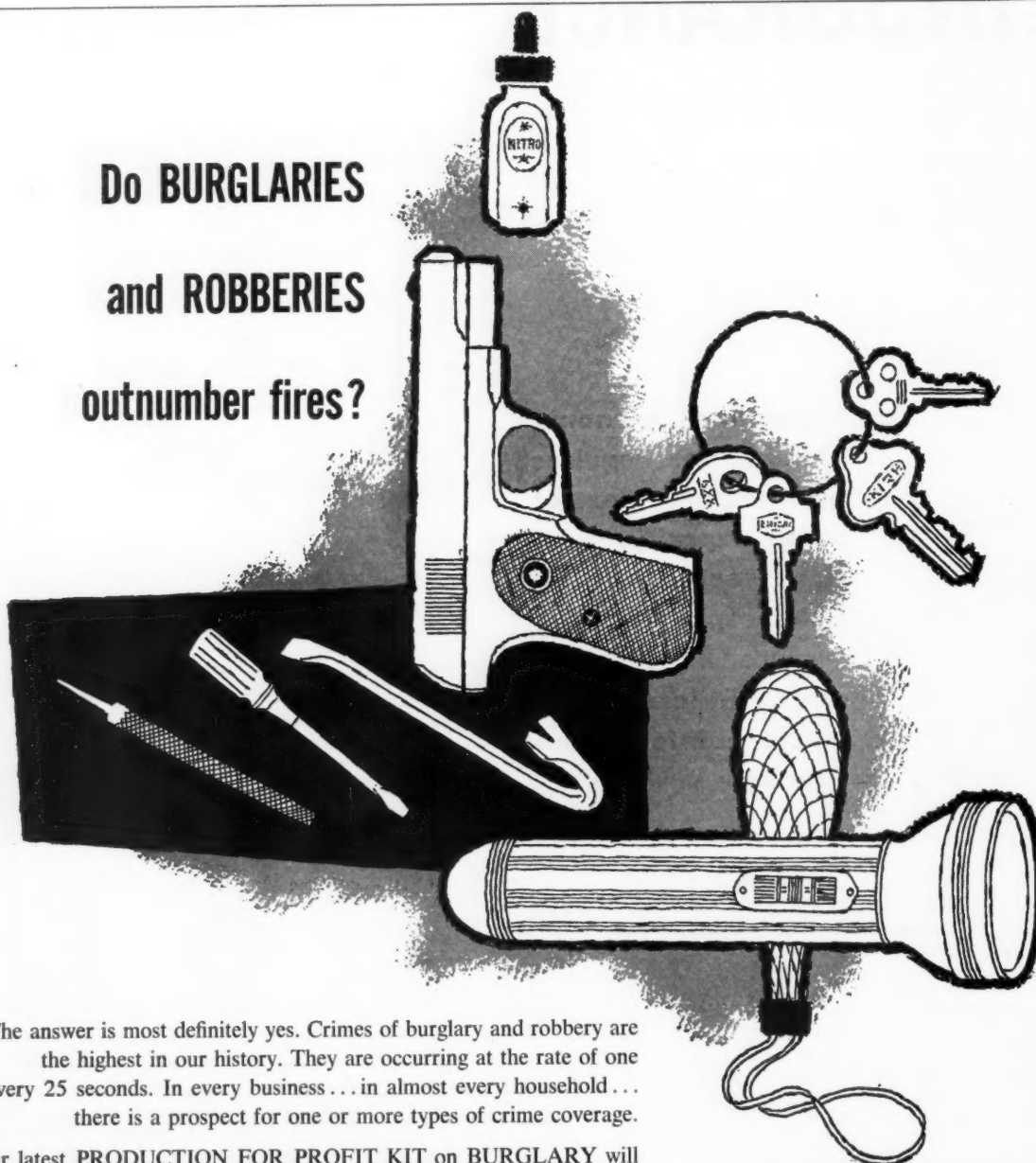
Mayes Transferred to Ohio

Dubuque F. & M. has transferred Walter A. Mayes to Ohio as special agent with headquarters at Columbus. Mr. Mayes joined Dubuque F. & M. in 1956 as casualty underwriting supervisor in the home office.

Fete Surety Leaders in Cal.

Surety Underwriters Assn. of Northern California held a luncheon in honor of Warren N. Gaffney, general manager, and Philip T. Morehouse, assistant secretary of Surety Assn. of America, at Panelli's restaurant, San Francisco. Mr. Gaffney and Mr. Morehouse are visiting a number of cities on the west coast on their way to the American Bankers Assn. convention in Los Angeles.

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Statutory Employment, Loaned Employee Problems Discussed by Attorneys at ABA

Statutory employment under workmen's compensation acts was discussed by Don M. Jackson of the Kansas City law firm of Rogers, Field, Gentry & Jackson and the loaned employee doctrine by John R. Couch of Houston, before the insurance section of American Bar Assn. at Dallas.

Statutory employment, Mr. Jackson explained, has no reference whatsoever to the usual tests or rules applicable to the relationship of master and servant or employer and employee. The statutes generally do not make a principal liable to all independent contractors or employees of independent contractors. They apply liability only to those falling within clearly defined categories.

Statutory employment provisions in WC acts came into being because shortly after WC was adopted it became apparent that an employer could escape responsibility for WC by resorting to methods which would avoid direct responsibility to the workmen.

The most logical and easily available method was to function through an independent contractor relationship. With this device the employer could entirely escape any direct responsibility to workmen, but impose it upon the contractor himself.

Most WC acts now impose liability upon the principal, if an employee of an independent contractor is injured while the independent contractor is engaged in the performance of some work which is a part of the principal's usual trade or business. Some acts require that the injury occur on premises owned or controlled by the principal whereas others make no such requirement.

The basic question which usually arises in a case involving statutory employment is whether or not the particular operation causing the injury was a part of the "usual trade or business" of the principal. In those states which require the injury to occur on premises owned or controlled by the principal, there is generally the further question as to whether or not the principal does in fact control the premises where the injury occurred. There is no general rule, each case rests largely on a question of degree and of fact.

A fundamental test is whether the particular work resulting in the injury is directly connected with the commercial function of the principal employer, as opposed to something which is merely ancillary or incidental to that function. If the former, statutory employment results. If the latter, it is generally held that statutory employment does not exist.

In *Fisk vs Bonner Tie Co.*, Idaho, the court denied a contention that the statute was intended to apply only where a contractor was performing his duties upon the premises of the proprietor or operator of the business, ruling that the test under that section was whether the one for whom the work was done is virtually the proprietor or operator of the business carried on, without reference to where the work was being performed.

In *O'Boyle vs Parker-Young*, Vermont, the court held that the true test of the liability of the proprietor was whether the work being done pertained to the business, trade or occupation carried on by that proprietor for pecuniary gain, without reference

to where performed.

Mr. Jackson pointed out that a principal employer whose regular business is repairing, erecting, maintaining, removing, or otherwise working with buildings, has that as his regular operation or business. Where that type of employer hires an independent contractor or a subcontractor to carry out all or some part of the

work, he is usually held to come under the statutory employment provisions, and to be liable to the contractor, subcontractor or their employees who are killed or injured while engaged in that work.

A notable statutory exception is in Missouri, a section of whose statute specifically provides that the statutory employment provisions shall not apply to the "owner of premises upon which improvements are being erected, demolished, altered or repaired by an independent contractor." Under that provision the independent contractor is

deemed to be the employer of the employees of his subcontractors and their subcontractors when working on or about the premises where the principal contractor is doing the work.

In *Palumbo vs George A. Fuller Co.*, the court held that, under the Connecticut statute, where there is an original contractor and a successive chain of subcontractors down to the workman who is injured, each contractor in the chain and his immediate employer is considered a principal employer as to the injured workman. It

(CONTINUED ON PAGE 32)

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300 Attend Buffalo Agents Anniversary Meal, Regional Meet

More than 300 attended the anniversary dinner of Greater Buffalo Assn. of Insurance Agents following an all-day regional meeting of the New York state association in Buffalo.

John N. Walsh, president of the Buffalo unit, presided at the dinner. Speakers were J. Victor Herd, president of America Fore; C. Fred Ritter of Middletown, president of the New

York association; William B. Lawless, president of the Buffalo city council; Victor T. Ehre, president of Buffalo Ins. Co., and Paul B. Guenther, district manager of New York Fire Insurance Rating Organization.

The regional meeting in the afternoon featured talks by Richard H. Earrell of the New York state motor vehicle bureau on the new compulsory auto law; James R. McWilliams of National Bureau of Casualty Underwriters on the family auto policy; Lawrence F. Smith of NAIA on reduction of agency paper work, and

John Joyce of the New York department.

Houston Surety Assn. Elects

J. R. Murphy, Aetna Casualty, has been elected president of Houston Surety Assn., succeeding T. M. Gregory of American Surety.

Edward Sweeney, Maryland Casualty, was elected vice-president, and Walter Freeman, Travelers, was elected secretary-treasurer. Elected to the executive committee were John Truehart, Fidelity & Deposit, and James Dwyer, Fidelity & Casualty.

Pilferage Defined as Any Loss Other Than Theft of Entire Load

The term pilferage as used in inland marine forms is defined as any loss, small or great, as long as it is less than the entire package or load, Inland Marine Claims Assn. of New York points out in an educational bulletin to members.

Harold S. Daynard, chairman of the association's law committee, cited two recent court cases in concluding that the dictionary definition of the term is misleading. The dictionary says pilferage is the theft of small quantities or petty theft, however, when it comes to insurance, it fails to give significance to terms which extend coverage to theft of an entire shipping package or load but exclude pilferage, Mr. Daynard said.

In cases before both Texas and New York appeals courts, insured, who lost substantial portions of their loads by theft, argued that the pilferage exclusions in their policies did not apply because the losses were not petty or minor and therefore did not constitute pilferage.

The courts in both cases said that the pilferage exclusions in both policies made certain that the policies were not intended to cover anything less than the loss of the entire load or shipment, and the words 'excluding pilferage' were intended to exclude any theft from the package or load where the package or load itself was not stolen.

Florida Company-Operated Schools Given Extension to Fulfill New Requirements

An extension from Oct. 1 to Jan. 1, 1957 has been granted by Commissioner Larson of Florida to company-operated fire and casualty insurance schools in the state to conform to new requirements recently formulated by the Florida department.

The extension was published in the form of a bulletin, advising: "Due to delays in completing the approved school syllabus and rules which you have only recently had an opportunity to review in final form, we are only now in a position to circularize the approved company-operated schools relative to our new program.

"I feel that we would work a hardship on the company-operated schools if we attempted to require them to revise their program to meet the 240 hour requirement by Oct. 1. As you know, the company schools have been most cooperative in the past in bringing their courses in line with our requirements, and I would hesitate to do anything which might jeopardize future approval of the fine schools which have been recognized by our department."

The bulletin stated that the ruling shall not affect the adult education courses presently offered in Florida, since these courses have already been revised to meet the 240 hour program.

La. WC Rates Rise 10%

Commissioner Hayes of Louisiana has announced a 10% increase in workmen's compensation rates retroactive to Aug. 1, except on policies expiring Oct. 1. The rise will add about \$3 million a year to employers' premiums, which last year were \$30 million.

Recent legislation increased maximum weekly wage benefits from \$30 to \$35, maximum period for death benefits from 300 to 400 weeks, maximum period in which burial benefits are payable 300 to 600 weeks and maximum medical benefit total from \$1,000 to \$2,500.

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Savings Banks Study How Best to Handle Payments of Package Policy Premiums

NEW YORK—How to accrue for premiums on package policies without creating an uneconomic amount of accounting work for the bank, and at the same time to avoid the risk of loss because of Federal Housing Administration and Veterans Administration rules was discussed by Savings Bank Insurance Forum of New York State at a meeting here last week.

It was indicated that few if any savings banks now decline to accept such policies as homeowners, comprehensive dwelling policies, etc. Forum members, who manage the insurance departments of the savings banks and who handle the banks' own insurance as well as insurance matters in connection with hundreds of thousands of mortgages over the country, also indicated that most of them prefer accruing premiums for the entire package of coverages. This, they said, is the simplest procedurally.

The problem of a possible loss is created by the fact that if the bank should advance the premium for the whole package policy and the mortgage should go into default, the bank can recover from FHA only the fire and extended coverage portion of the premium. That is because fire and EC is all that the banks require the mortgagor to carry.

Clarence W. Herold of South Brooklyn Savings Bank presided as chairman of the forum and led the panel discussion. Participants were Vincent A. Carroll of Jamaica Savings Bank, James B. Dunlaevy of Bank for Savings, and John D. MacLennan of Bowery Savings Bank. Mr. MacLennan is chairman of the forum's liaison committee, which is seeking to determine if the banks want a single, standardized method of handling premium accruals. Then the committee would confer with FHA and VA. The committee also plans to confer with the property committee of National Assn. of Insurance Agents, which took up the subject of the banks' problems with package policy premium payment at the recent annual convention in New York.

Mr. Carroll said his bank has no problem with package policy premiums. Some time ago the bank had a group of attorneys study the legal issues involved, and they recommended that the bank take a deposit of the premium for fire and extended coverage and from there on let the mortgagor pay the premiums the way he wants. So long as the bank does not pay the package premium with its own money, it doesn't have money to get back, in case of arrears or foreclosure and the FHA and VA are not involved. Taking one year's fire and EC premium fulfills the entire obligation of the bank under the FHA and VA guarantee.

If the bank doesn't have a year's premium, then it accrues it, but once it has the amount, it lets the mortgagor go on from there. However, if it does accrue, Mr. Carroll said, the bank uses a hold harmless agreement—not for the usual purpose, to insure against possible liability in case the premium is not paid for coverages under which the mortgagor may have a loss—but to protect the bank if, in case of resale, the accrual procedure is held to have modified the mortgage.

He said the bank has had a quite a favorable reaction from mortgagors.

The bank under this method will not lose money it has put up for homeowners premiums the mortgagor does not pay. The method eliminates a lot of calls and following up by bank personnel. The bank simply buys, in effect, a year's fire and EC policy with the mortgagor's money, regardless of what the mortgagor does.

His bank, he said, has 19,000 mort-

gages, 15,000 of which are one and two family homes. It receives five to 10 homeowners policies a day.

Later in the discussion it was brought out that Dime Savings Bank of Brooklyn receives about 80 homeowners a day out of 300 daily renewals. Dime recently changed its policy with respect to package forms—it now accepts homeowners on the annual installment basis and accrues for the whole amount of the package. It has put a clause in the mortgage itself which makes a hold harmless agreement unnecessary.

Three out of 15 of the banks indicated they require hold harmless agreements, including Mr. Carroll's.

Mr. MacLennan, urging the need of banks and agents for a single method of dealing with the premium accrual matter, recited the several methods currently being used. He noted that while apparently all savings banks now accept packages, some savings and loan associations do not. Among the ways of handling, he said, banks accept the package and accrue the entire premium; they accept it and

(CONTINUED ON PAGE 27)

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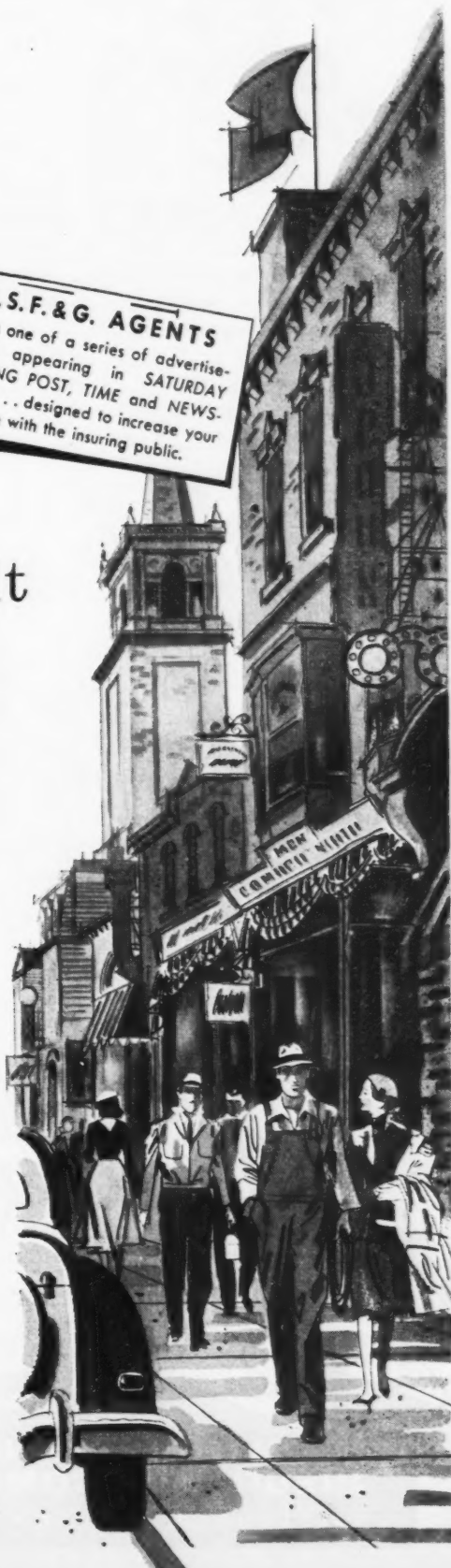
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Neville Explains Why Private Flood Cover Is Unfeasible

John F. Neville, secretary of American Insurance Assn., explained why the business cannot profitably write flood insurance but pointed out that it is helping the federal government administer its new flood indemnity bill, in a talk before American Society of Civil Engineers at Pittsburgh.

He recalled the comprehensive studies made following catastrophic floods from 1952 to 1955 and said they indicated that flood insurance could not and cannot be successfully written as a commercial insurance venture. He said the records of efforts of the business to come to a valid conclusion in connection with the flood problem is set forth in the association's book, *Studies of Floods and Flood Damages 1952-1955*.

He pointed out that the business is not completely free of exposure to loss from flood. Auto comprehensive and inland marine firms, insuring property in transit include flood coverage. However the forms which include flood coverage have one thing in common: They cover property mobile in character which has a chance of being moved out of danger when a flood threatens.

Nor is the business unduly fearful of catastrophes, Mr. Neville asserted. However while private insurers are able profitably to cover risks of other disasters here catastrophic losses are relatively infrequent, they do not think it feasible to insure flood and high water when losses are not only catastrophic but also frequent.

Even if flood cover could be offered, the rates would be so high so as to deny coverage to those risks which need it most, Mr. Neville declared. And if it could be offered at a reasonable premium, experience has indicated that only those who have property exposed to possible flood loss would buy it. As a result, the normal spread in risk, essential to sound underwriting, would be lacking. Each flood then would produce a catastrophic loss.

Mr. Neville recalled that several years ago a few companies seriously attempted to write flood cover but found a very limited demand for it, that the peak demand comes directly after a flood and that property owners generally failed to maintain their cover after a few flood-free years. It was also found that, due to a limited spread of risk, rates were necessarily high.

The problem of equitable distribution of the cost of a flood insurance program is practically insurmountable, Mr. Neville continued. To attempt to distribute the cost of such a program among all insured, regardless of their exposure to the hazard, would be unfair. Some have suggested flood insurance cost be distributed via a loading on extended coverage rates, but insurers point out that only the homes in flood areas have need for it. They estimate rates twice as high as current rates, assuming all present EC insured would purchase the flood cover.

Even if practical considerations could be disregarded and people would buy flood insurance at rates established according to actuarial principles, he said, the catastrophe potential of such a plan would be so great as to threaten the solvency of the entire property insurance business.

In legislative hearings during debate on the flood indemnity act, Mr. Neville said the business concluded

that a program of specific flood insurance was unfeasible and pointed out the obstacles in insuring on a self-sustaining basis. The business suggested that a direct program of relief and rehabilitation would be more effective, but said that a program of flood control and prevention would be of greater importance to potential flood victims in view of the many irremedial losses such as death, bodily injury, loss of income and loss of employment.

However, the business offered its complete assistance and support in the promulgation and administration of a flood program. The industry meant what it said when it offered assistance, Mr. Neville said, and its full facilities presently are being made available in an honest and sincere effort to make the program a success.

NEPIA Gets Atom Data Permit

Atomic Energy Commission has issued a permit to Nuclear Energy Property Insurance Assn. for access to restricted data.

Insurance Women of Madison elected the following officers: Helen Hendrickson, president; Mrs. L. B. Pease, vice-president; Joyce Montgomery, treasurer, and Dorothy Wyss and Persis Van Meter, secretaries.



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Drex Foreman to Cut Responsibility With Texas Assn.

FORT WORTH—Drex G. Foreman, executive secretary of Texas Assn. of Insurance Agents since 1925, is being relieved of management responsibilities at his own request, but will remain with the association in an advisory capacity. He will continue on the job pending decision by a special committee that is studying possible changes in the association operations.

Mr. Foreman was the first secretary to be employed by the state association on a permanent paid basis, and so is the dean of such officials. It was his success as a full-time paid secretary that spurred the movement among other states to have similar headquarters assistants. When Mr. Foreman was named secretary of the Texas association in 1925, he was also secretary of the Fort Worth association and manager of the insurance department of Fort Worth Chamber of Commerce. During his term in office, membership in the Texas Assn. of Insurance Agents has increased from about 250 to more than 2,500.

Mr. Foreman started his insurance career in 1915 in Dallas as a fire clerk in the Cochran & Thomas general agency, then managed by the late John M. Thomas, a former president of National Union.

Minn. Federation States the Case on Commissions

MINNEAPOLIS—Commenting on a recent report of the New York department regarding fees and commissions paid some agents and brokers and which were regarded as excessive, Insurance Federation of Minnesota in its bulletin says:

"To date there has been no similar attack in Minnesota and there is no occasion for such an attack here. The agency system is basic in the insurance industry. While commissions paid agents and brokers may seem large to the uninitiated person, it should be remembered that an agent or broker is a man who has spent his life acquainting

himself with insurance and the insurance problems of his clients.

"If the public is to have qualified men acting as insurance agents and brokers, the compensation must be such as to attract men of ability, and if the commissions are reduced to a point where they do not attract such men, the public will suffer in the same manner in which they suffer when services are performed by men not qualified by ability and training to service them."

Gleason Heads Reactivated Indianapolis Mariners

Mariners Club of Indianapolis has been reactivated and newly elected officers are: Skipper, Charles Gleason of Marine Office of America; first mate, Max M. Heare, Western Adjustment; purser, Charles G. Lyden, Home, and master-at-arms, Henry W. McCusker, Royal-Liverpool group.

The program committee consists of J. E. Dinnsen, Aetna Casualty; W. W. Robertson, North America, and D. P. Carlson, Aetna Fire.

Safeco Marks 3rd Birthday

Safeco, the economy automobile affiliate of General of Seattle, marked its third anniversary Oct. 1. The company has sent out a publicity announcement reciting some of the highlights of the first three years. Among these are establishment of division offices in San Francisco, Los Angeles, St. Louis, Atlanta, Dallas and New York. Safeco is now represented by more than 3,000 agents in 43 states, and the company has about 300,000 policies in force on its writing at the rate of \$1½ million a month.

Safeco had \$6 million in premiums the first year, \$12 million the second year and expects \$18 million this year.

Harold W. Pigott, vice-president, said: "Every day we learn of another insurance company that has a Safeco plan on the planning boards. This modern approach to insurance has caught hold and everyone seems to be touching our coat-tails of success."

Sequoia Names Andrews

Sequoia of California has appointed Thomas E. Andrews as general manager. He has been with Lumbermens Mutual Casualty on the coast in an executive capacity.

Burridge Urges Insurers to Respond to Insureds' Needs

CINCINNATI—Howard J. Burridge, president of The National Underwriter Company, spoke at the annual breakfast meeting here of the Century Club, an organization of mutual fire insurance companies which are 100 years old. This is a regular feature of the annual meeting of National Assn. of Mutual Insurance Companies. A. C. Hawes, secretary Cincinnati Equitable, the host company, was in charge of the breakfast and S. M. Rowe, vice-president of the company, introduced Mr. Burridge.

Five members companies became "of age" this year and were welcomed to the group—Abington Mutual, Farmers Mutual of Flemington, N.J., Lebanon Mutual of Pennsylvania, Herman Mutual of Wisconsin and Pioneer Cooperative, Greenville, N.Y. Because there are no 100 year old companies in the vicinity of New Orleans where the 1957 meeting will be held, W. L. Smith Jr., secretary, Philadelphia Contribu-

tionship, accepted the chairmanship for next year's breakfast.

Mr. Burridge told of the history of The National Underwriter Company, pointing out that the middle west has been a fertile field for insurance publishing and how the scope of the publishing business has grown with the size and the ever-changing needs of the insurance business. He said that most mutual companies kept close to their policyholders and responsive to their needs and urged them to continue to do so. There have been too many examples, he said, of organizations other than orthodox insurers prospering because they gave the public something it wanted, while insurance companies, which could have done as well or better, failed to do so.

The property and casualty business faces that challenge now with automobile and package coverages and that challenge can be met only by staying close to the public and by acting on the knowledge thus obtained.

American Mutual Liability has elected as a director Eugene H. Clapp, president of Penobscot Chemical Fibre Co. of Great Works, Me.



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case history #361

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Your prospects are *all* the candidates in your locality. And now—*before* Election Day—is the time to contact them.

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Convention Dates

Oct. 21-23, Insurers of Tennessee, annual, Noel hotel, Nashville.
Oct. 21-23, Maryland Assn. of Insurance Agents annual, Lord Baltimore hotel, Baltimore.
Oct. 22-23, Arizona Assn. of Insurance Agents, annual.
Oct. 22-24, National Assn. of Mutual Insurance Agents, annual, Shoreham hotel, Washington, D. C.
Oct. 22-24, Western Underwriters Assn., annual, The Greenbrier, White Sulphur Springs, W. Va.
Oct. 23-24, Louisiana Assn. of Insurance Agents, midyear, Hotel Bentley, Alexandria.
Oct. 25, American Institute of Marine Underwriters, annual, New York.
Oct. 28-30, Kansas Assn. of Insurance Agents, annual, Broadview hotel, Wichita.
Oct. 28-30, Illinois Assn. of Insurance Agents, annual, Springfield.
Oct. 29-31, National Assn. of Independent Insurers, annual, Hotel Commodore, New York City.
Nov. 7-9, Michigan Assn. of Mutual Insurance Agents, annual, Pantlind hotel, Grand Rapids.
Nov. 8, Connecticut Assn. of Insurance Agents, annual, Statler, Hartford.
Nov. 8-9, Illinois Assn. of Mutual Insurance Agents, annual, Kaskaskia hotel, La Salle.
Nov. 11-13, Kentucky Assn. of Insurance Agents, annual, Kentucky hotel, Louisville.
Nov. 15-16, Mutual Agents Assn. of New England, annual, Hotel Kimball, Springfield, Mass.
Nov. 16-17, Kansas Assn. of Mutual Insurance Agents, annual, Jayhawk hotel, Topeka.
Nov. 18-21, Indiana Assn. of Insurance Agents, annual, Claypool hotel, Indianapolis.
Nov. 26, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach hotel, Chicago.
Nov. 26-28, American Mutual Alliance, annual, Edgewater Beach hotel, Chicago.
Nov. 29, Insurance Federation of New York, annual, Waldorf-Astoria hotel, New York City.
Dec. 3-7, National Assn. of Insurance Commissioners, semi-annual, di Lido hotels, Miami Beach.

Travelers Promotes Four to Statisticians

Travelers has promoted Daniel J. Molloy, Edward J. McVeigh and Louis P. Gerundo to statisticians in the casualty actuarial department and James W. Connors to statistician in the fire and marine actuarial department.

Mr. Molloy has been with the company in various capacities since 1913. Mr. McVeigh started with the company in 1925 and transferred to the casualty actuarial department in 1951. Mr. Gerundo went with the company in 1929 and was made assistant chief statistical supervisor in 1946. Mr. Connors joined the company in 1927 and was made administrative assistant in the fire and marine actuarial department in 1955.

Fire Protection Men Start Del. Valley Unit

Delaware Valley chapter of Society of Fire Protection Engineers has been organized in Philadelphia with 45 members. Charter membership will be open until March 31.

Serving on the organization committee were Warren J. Baker of North America, Louis C. Beutler of Middle Department Assn. of Fire Underwriters, Lester R. Abbey of America Fore, Irving S. Laurensen of Marsh & McLennan, Bert Parry of Blaw-Knox, Eric W. Peterson of Liberty Mutual and Herbert S. Webster of Mutual Fire, Marine & Inland.

IASA Schedules Annual Conference May 20-22

Insurance Accounting & Statistical Assn. will hold its annual conference May 20-22 at Palmer House in Chicago. Electronics in accounting will again be the major topic of the meeting. Representatives of the 700 member companies are expected to attend. James B. Clancy of Royal-Liverpool is in charge of the program.

The Birmingham, Ala., local agencies of David W. Hamilton and William C. Shackelford have merged into the Hamilton & Shackelford agency at 2009 11th avenue, south.

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Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

Sounder Underwriting Key to Future of Contract Bond Business, McKell Declares

The greater number of contract losses to bonding companies is occurring on contracts generally within the authority of field underwriters, William E. McKell, president of American Surety, points out in a report to branch managers and field personnel of that company. In addition, heavy dollar losses on larger bonds are causing equal concern.

The largest number of losses is found among smaller contractors with jobs of less than \$100,000, while the range from that point to \$500,000 has been particularly dangerous, Mr. McKell said.

Conditions are changing rapidly, he continued, so that every contract bond producer and underwriter must have the knowledge, flexibility, courage and ingenuity to keep up with the situation. In the rising economy, Mr. McKell explained, inexperienced persons and concerns suddenly blossom out as contractors, and, all too frequently, they are merely brokers, subletting most of the work connected with the jobs. Although they may appear to have adequate resources, they may not be skilled estimators or have the know-how to run a project efficiently and economically. Experienced contractors, too, may bid on work with which they are not familiar or which is located in territories where they know little or nothing of the labor market. Other substantial contractors may invest in oil wells, real estate and other unrelated enterprises and thus over-extend themselves.

"This kind of wild-catting, for want of a better word, is plaguing us and many other surety companies at this very moment, and jumbo claims and losses have resulted," Mr. McKell writes.

Mr. McKell urged the field force to put the emphasis on creative underwriting rather than production. An established record for creative underwriting and ability to assist producers and contractors with their problems will attract desirable business, he said.

He cautioned producers to be on guard where the bonded client is taking on a number of unbonded jobs, and also where two or more interlocking companies conducting the work have been organized for tax purposes. Underwriters must learn the position of competitors on accepting reinsurance on undertakings up to \$500,000. Many companies will not assume reinsurance on operations running less than \$500,000 unless it is being undertaken by a large contractor and the company is participating in the program.

Touching on points brought out at the field conferences held by American Surety this year, Mr. McKell said that many contractors are fed up with

the loose underwriting tactics of surety companies. They term some insurers scavengers, and say reputable contractors and insurers suffer as a result of such wild underwriting. Much of the difficulty results from failure to obtain adequate information, as well as from misinterpretation by underwriters of information obtained. Distorted financial statements, out-of-date forms for the preparation of true statements, and inexperienced contracting accountants help produce inaccurate and misleading information, he pointed out.

A good contract man develops a sixth sense which comes only after long experience, Mr. McKell said. He cannot function without a broad general knowledge of business, accounting, construction, trades, local and national conditions, labor and material markets, economic trends, competitive practices and the ability to understand contracts, specifications and the meanings of the many forms of bonds.

"We want good business, but you must let the offerings go by if you don't have the qualified personnel to do the job the way it should be done," he advised.

Since competition is so intense among contractors, Mr. McKell went on, bids are filed with a small anticipated margin of profit and many times with insufficient anticipated profit to safeguard against unforeseen events. If a contractor has several such jobs in succession, he is quite likely headed for bankruptcy. This situation also arises when superintendents, foremen and engineers think they have gained enough experience to start their own businesses. Often these individuals lack organizational ability and background in taxes, money handling and accounting. As a result, they get into serious trouble or find themselves at a complete loss, he pointed out.

One of the difficulties today is that so many competent auditors or accountants do not understand the minute points of contract bookkeeping, which is probably different from the accounting procedure of most any other business, he pointed out. On the other hand, he urged cooperation among all parties concerned, including a revised and improved surety company financial statement form for contractors, so that everyone would know what the companies wanted and how to present it.

Where the statement reflects cash obtained through a bank loan, and the latter is of such duration that it does not have to be shown as a current liability, he cautioned underwriters to check the situation very carefully to make sure that the funds would not be used to repay the loan almost immedi-

ately after the statement had served its purpose with the underwriters. Bank credit generally should be carefully analyzed, he continued. The loan may involve assignments of accounts receivable or estimates. If there is no actual assignment, the contractor may have agreed that all estimates received are to be deposited in the bank and will be available for payments on the note at any time, and the bonding company may well be the last to learn the true situation.

Credit reports are extremely helpful but should not be relied on entirely in good underwriting practice, he added. It's impossible to check with all firms doing business with the contractor, and if he has some large accounts payable and a slow payment record, he may not always divulge these to the credit reporter.

He cautioned underwriters to pay attention, on contracts financed by bond issues, to the liquidated damages or penalties for delay in the contract. The body letting the contract must have, in the case of bridges and toll roads, revenue from the tolls immediately. Penalties were as high as \$3,500 a day on contracts let this past year.

To avoid trouble in joint ventures, (CONTINUED ON PAGE 26)

Insurers Honor Blind Man Who Discovered Plaque Was Missing

A blind man whose sensitive fingers told him what sighted pedestrians on a central Philadelphia thoroughfare did not see—that a historic plaque had been stolen—has been named official guardian of the replacement plaque commemorating the founding in 1736 of the city's first fire department.

Kingsland Coffyn, blind historian of Christ Church, discovered the disappearance of the plaque, which marked the birthplace of the city's first fire department, while feeling his way along the walls of Grimestone alley between the church and Market street.

National Assn. of Mutual Insurance Companies, original donors of the plaque, agreed to replace it with a duplicate. Rededication ceremonies were held during Fire Prevention Week. Attending were John J. Ford, executive vice-president of Pennsylvania Lumbermens Mutual, Walter L. Smith Jr. of Philadelphia Contributionship, who made the presentation for NAMIC, city officials and Mr. Coffyn.

Hartford Agency Donates Car to Training Program

J. Watson Beach agency of Hartford has donated a new dual control car to the city's schools to help buoy up a sagging driver training program.

The action spurred other business men and merchants in the city to make similar offers, after a newspaper article reported that the driver training program in the city's schools was being threatened because of a lack of funds for the dual control cars.

Holden Urges Crew Exams, Radar Rules to Aid Marine Safety

Further promotion of marine safety depends on more effective preemployment examinations of crews, international legal recognition and regulation of radar and a new judicial outlook toward shipowners in negligence responsibility, Edward C. Holden Jr., president of United States P.&I. Agency, declared in a talk before the annual convention of the Propeller Club and American Merchant Marine Conference in New York.

Crews must be divested of the derelects, misfits and frauds who annually drain thousands of dollars in phony and exaggerated disability claims from insurers and shipping companies, he said. Men who are decrepit, stupefied by alcohol, senile, deranged, or deliberately seeking disability are not likely to be converted to doing things the safe way.

Nothing is being done to establish the mental and physical standards of modern day sailors. It is unlikely that shipowners can solve the problem individually, he said. The need for collective action is urgent.

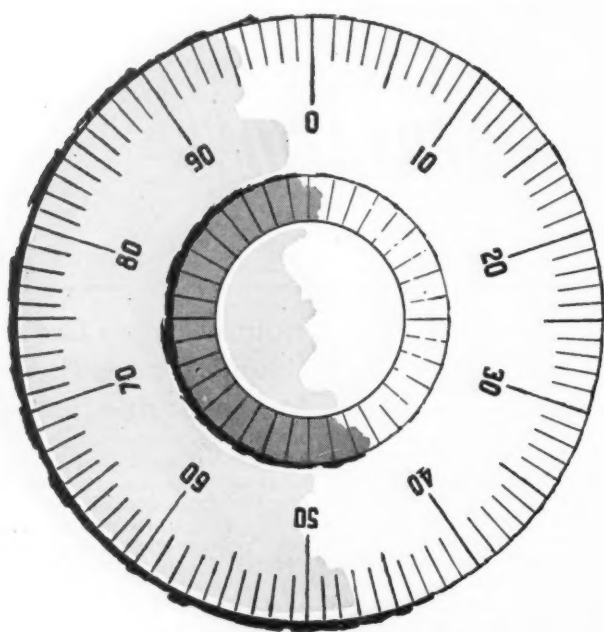
Mr. Holden suggested legislation to enact the coast guard's profiling system introduced two years ago. The system would have required periodic physical and mental examinations for licensing of merchant marine personnel.

He condemned as unfair a 1952 U. S. appeals court ruling that holds a shipowner responsible for his employees' actions against other employees and called it a throwback to the horse and buggy day concept that seamen are wards of the court. He pointed out that the modern day shipowner, in bargaining with seamen and their unions, can exercise little choice in selecting a "seaworthy" crew. If the courts persist in this thinking, Mr. Holden continued, they should correct some of the mischief their charges have fallen into.

He called attention to "astronomical" jury awards, but at the same time urged that efforts be directed toward helping the jury system work rather than toward attempting to limit its area of authority by resorting to judicial trials in negligence cases.

Mr. Holden also called for a new international conference to make specific recommendations concerning the use of radar at sea and to set down definite general principles for collision prevention for radar-equipped vessels. The techniques of radar do not seem to be generally understood, and, though not a difficult device to operate, an appalling number of deck officers do not fully understand its use and the plotting of information obtained from it, Mr. Holden asserted.

Greenboro (N. C.) Assn. of Insurance Agents has installed David Schenk president to succeed Albert F. Stevens Jr. Robert Senn Jr. is vice-president and Harry Owen secretary.



Nothing in the World is Foolproof...

There's not a safe in the world that can't be opened, just as there's not a business or a person that can't be touched by misfortune.

We're keenly aware of this, for we're insurance men. We realize that the motivating force of our profession lies in covering calculated risks, not in taking refuge.

In that respect, experience is the best teacher. We at Fire Association have been assuming risks for 139 years. Yet we value tradition only for its ability to teach us. What we're really proud of is our record in these middle years of the 20th century—a record of professional competence, realistic coverage, and prompt settlement.

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Casualty Meeting Winds Up With Open Discussion

(Pictures on page 36.)

National Assn. of Casualty & Surety Executives and National Assn. of Casualty & Surety Agents, at their joint convention last week at White Sulphur Springs, wound up their sessions with an open discussion at which the company men and agents went over some of their common problems candidly. Among the subjects discussed were compulsory automobile insurance, multiple peril coverages, liaison between companies and agents, and the development of life-fire-casualty affiliation.

C. F. J. Harrington, executive vice-president of the agents' association, presided. It was expected that this meeting would last about two hours or less, but it turned out to be an over-time session.

The meeting started out with the awarding of prizes to the leading athletes, and the golf winner was T. W. Earls of Cincinnati, who was given permanent possession of the golf trophy.

In his report to the agents at an earlier session, Mr. Harrington touched on such subjects as compulsory auto, the expanding influence of life insurance in the fire and casualty business, and the National Bureau survey on automobile insurance marketing.

He commented that it is "tragic that more attention is not directed to the enforcement of existing laws designed to prevent death and injury rather than attempting to devise palliatives in place of a cure for the automobile accident problem." He noted that the agents opposed both compulsory and UJF plans in favor of modernization of safety responsibility laws and inclusion of impoundment features as well as better enforcement.

National Assn. of Casualty & Surety Agents are cooperating with the National Bureau with its auto marketing survey, Mr. Harrington said. He reported that the program is considerably advanced and the association will have a chance to review the results as soon as they are completed.

Life insurance, he said, is exerting an expanding influence in the property insurance field. "The new responsibilities assumed by Health Insurance Assn. of America, an organization primarily staffed by life insurance men with no producer representation whatsoever, raises the question as to whether or not our association should now consider the appointment of a committee to study this development." The problem has arisen of the contractual responsibilities of producers representing life companies as well as fire and casualty.

New Minnesota Insurer

MINNEAPOLIS—American Voluntary Mutual has been organized as a companion to American Merchants Mutual. J. A. Preus, former Minnesota commissioner and governor, is chairman, and Arthur C. Carr is president. American Merchants Mutual specializes in fire coverage for grocery stores, and American Voluntary Mutual will write other lines, initially specializing in dwellings and contents.

Albany Facilities Expanded

The Albany office of Standard Accident, which has been primarily a field office handling production and claim work, will now enlarge its facilities to include the underwriting of all fire and marine business in the

territory, and later on casualty underwriting will be assumed. The office is under the jurisdiction of the New York branch. Guy Alonge Jr. has joined the Albany staff and will be responsible for underwriting. Robert H. Schmidt is field representative in charge.

Hudson County (N. J.) Assn. of Insurance Agents will hear talks by Leo E. Kietzman, secretary of American, on time element coverage and E. H. Ebdon, state agent of Royal-Liverpool, on earnings insurance, at the Oct. 25 meeting in Hotel Plaza, Jersey City.

YOUR CLIENT has confidence in YOUR counsel!

• You'll safeguard his
interests — and yours
— when you point out the
need for a factual
appraisal as a sound
basis for determining
his insurance protection.

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Andrews, Insurance Executive, Heads Third Party Ticket

T. Coleman Andrews, former U.S. Commissioner of Internal Revenue and currently president of American Fidelity & Casualty, has been nominated for President on a third party independent states rights ticket. His running mate is Thomas H. Werdel of Bakersfield, Cal.

More than 2,200 representatives of splinter groups from both the Republican and Democratic parties chose Mr. Andrews by acclamation at a gathering in Richmond, Va.

Mr. Andrews became president of American Fidelity & Casualty, a member of the Markel group, last spring six months after he resigned his government post. Shortly thereafter he publicly proposed the end of the federal income tax and since has favored an end to foreign aid. Other planks in the third party's platform call for rejection of the Supreme Court's ruling on segregation in schools and adoption of the Bricker amendment curbing the President's treaty-making powers.

Sean McCurley Joins Ill. R. B. Jones Inc.



Sean McCurley

Sean McCurley has joined Illinois R. B. Jones Inc. associated with the underwriting department. Mr. McCurley for the past five years has been with the London broker of Illinois R. B. Jones—Hogg, Robinson & Chapel-Cure in London in all branches of non-marine business as a broker.

O'Neal Dayton Manager for Buckeye Union Group

George R. O'Neal has been appointed manager at Dayton for the Buckeye Union companies. He succeeds F. A. Smith who retired in June.

Mr. O'Neal joined Buckeye Union Indemnity in 1940 as an underwriter in the liability-indemnity department. He also served in the automobile underwriting department and with the fire company. In 1947 he was appointed special agent in north central Ohio. Four years later he was transferred to northwestern Ohio, and was named to the Dayton office in 1953.

Girls from 27 Nations Vie for Miss AFIA Title

American Foreign Insurance Association is sponsoring an international contest to determine its most attractive, most personable and most able female employee.

Girls from 27 countries, including those in the five U. S. service offices of AFIA, are eligible to enter the first Miss AFIA contest. Completed questionnaires and photos of each winner in each country will be used to select Miss AFIA. AFIA's house organ is conducting the contest. A committee at the New York head office will make the final selection.

Insurance Clubs Entertainment Bureau of Hartford has elected Fred Gosell of Scottish Union president, Elmer Holz of National of Hartford vice-president, Frances Tallmadge of Hartford Steam Boiler and Peggy King of Connecticut Mutual Life secretaries,

Doris Stiebitz of Phoenix of Hartford treasurer and Maxwell Liberman of Hartford Fire publicity director. The group will stage a show at Newington Home & Hospital for Crippled Children during the week of Oct. 29.

Hartford Mutual has appointed Henry C. Engel Jr. assistant claims attorney at Bel Air, Md., and has named John A. Malcomb assistant manager of the casualty underwriting department there. Mr. Engel was a private lawyer in Towson, Md. Mr. Malcomb was a local agent at Buckhannon, W. Va.

American Declares Special Dividends as Merger Begins

American will pay a 20% stock dividend and a special cash dividend of 20 cents per share Oct. 26 to stockholders of record Oct. 15 preliminary to integrating operations with American Automobile.

The payment of both the stock and cash dividends was subject to the ac-

ceptance of a proposal to exchange stock of American Automobile for stock of American on a share for share basis.

The holders of more than the stipulated 80% of the outstanding shares of American Automobile stock, required to make the proposal effective, have tendered their shares for exchange. The terms of the exchange offer were extended to Nov. 19 in order to give stockholders of American Automobile who have not yet tendered their shares as opportunity to do so.

Is this somebody you?



on the hook

Are you on the hook when trying to place compensation risks? You can write comp, but you can't place it. You *are* on the hook. Better

hook up with Bituminous. Because of our long and successful experience in hazardous coverage, and because we have the best safety engineering in the business, we can handle any (well, almost any) risk. We make good risks out of poor ones by reducing losses. We save money for the insured, make renewals easy.

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BITUMINOUS



CASUALTY CORPORATION

BITUMINOUS FIRE AND MARINE INSURANCE COMPANY

ROCK ISLAND, ILLINOIS

Specialists in Workmen's Compensation

Phoenix Names Elger Asst. Marine Manager

Frank R. Elger has been appointed assistant marine manager of Phoenix of London.

He joined the marine department in 1948 as cargo underwriter, having had previous experience in England. He was appointed marine superintendent of Canada in 1950.

Kemper Junior Board Elects

Richard R. DeMark, advertising department, and Richard J. Mills, actu-

ary, have been elected to three-year terms on the Kemper companies junior board.

Board officers elected for six-month terms are Floyde W. Cornelius, fire division, chairman; Frank H. Hoffman, underwriting department, secretary; and Peter Van Cleave, executive department, treasurer.

Mariners Club of New York at the October meeting heard an address by Robert Crowningshield, director of the Gemological Institute of America, on the work of gemologist in making insurance appraisals.

Homeowners Rates Cut by MPIRO in Mass.

Homeowners' rates have been cut 5% in Massachusetts with a new filing by Multiple Peril Insurance Rating Organization in an effort to bring bureau company rates in closer competition with those of North America group.

The MPIRO filing has also been broadened to include mysterious disappearance in theft coverage on the A and B policies and to eliminate the \$50 deductible on malicious mischief and vandalism on the B policy. Mali-

cious mischief and vandalism with the \$50 deductible has been added to the A form. Standard replacement cost coverage has been added to the A and B forms. Up to now the replacement cost coverage of A and B has not included the small loss provision, thus requiring insurance to 80% of value to provide replacement cost coverage for any loss.

North America is expected to retain its 5% differential and may not match the addition of mysterious disappearance to the theft definition, but the group has dropped the \$50 deductible on theft in the C policy.

Insurance Executives to Aid in N. Y. Drive

Four insurance executives have been named division chairmen in the Community Service Society's \$1,150,000 family fund campaign on behalf of New York City's troubled families.

The chairmen are Austin R. Matthews, vice-president of Pacific Fire,



Austin R. Matthews



J. Dewey Dorsett

fire insurance division; W. Irving Plitt, vice-president of Atlantic Mutual, marine; J. Dewey Dorsett, general manager of Assn. of Casualty & Surety Companies, casualty, and J. L. Van Name, president of Despard & Co., brokers. More than 400 volunteer workers are participating in the drive.

Herd to Confer N. Y. Broker Medal on Heard

J. Victor Herd, president of America Fore, will act as toastmaster at the annual dinner of General Insurance Brokers' Assn. of New York Oct. 23 in New York.

The dinner will feature the presentation of the association's gold medal award for the most meritorious service to the business to Manning W. Heard, vice-president of Hartford Accident. Ray Murphy, general counsel of Assn. of Casualty & Surety Companies, will be principal speaker. Mr. Herd previously was awarded the medal.

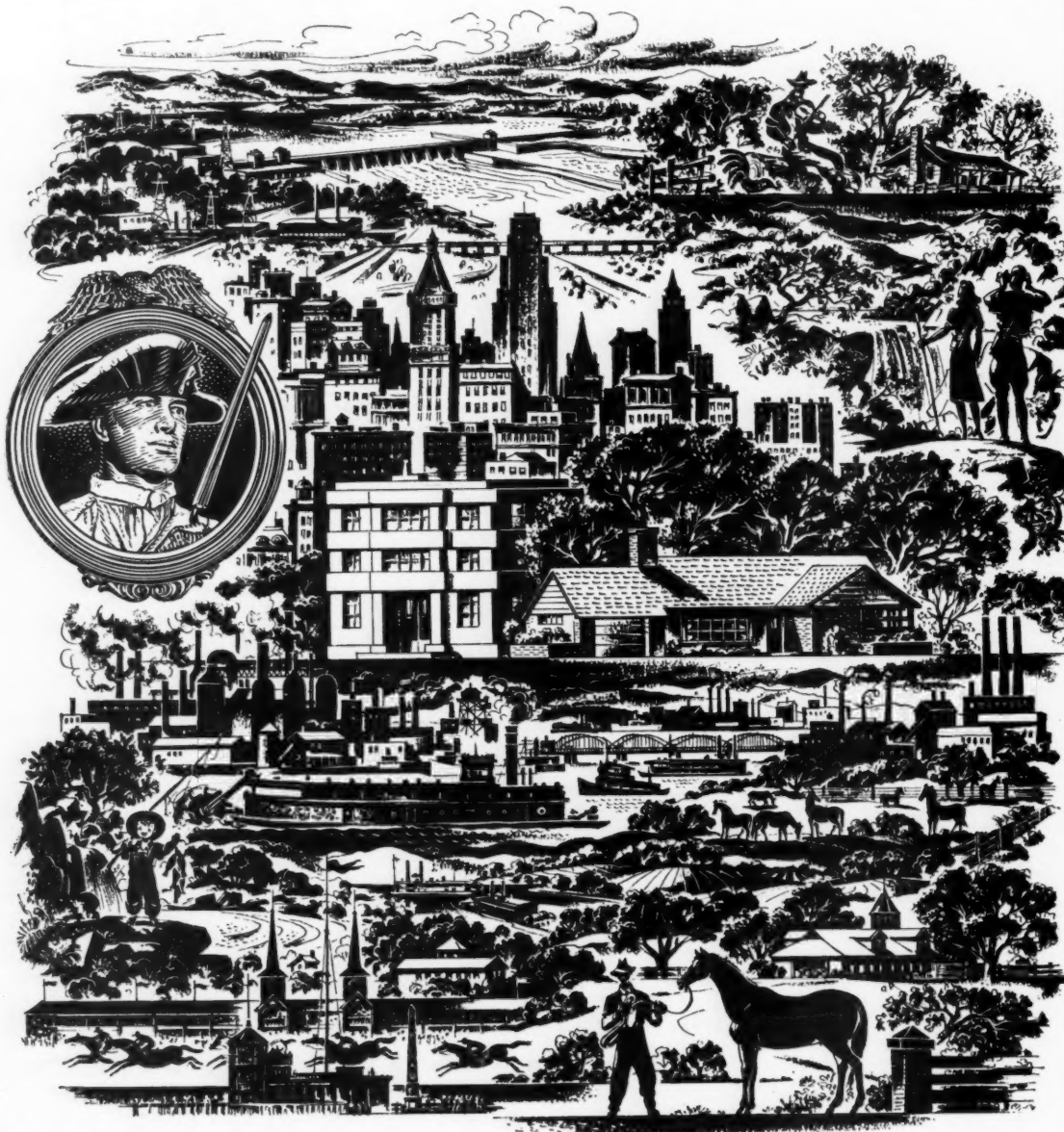
WIIS to Sponsor Essay Contest for Teen-Agers

San Francisco high school students who are enrolled in driver education courses, or who have completed such training, have been invited to compete in a letter essay contest on the subject: "What Driver Education Means to Me." The contest is sponsored by the Western Insurance Information Service in co-operation with the San Francisco Chamber of Commerce business education day on Oct. 26.

Awards of a \$25 United States savings bond will be given to the winning essay writer at each of the seven schools in addition to a \$100 grand prize and a \$50 second prize in savings bonds to be awarded for the best essays.

Missouri Mutual Agents Ask for Agents Qualification Bill

Missouri Assn. of Mutual Insurance Agents has adopted a resolution asking the state legislature to pass an agent's qualification bill. The resolution points out that Missouri is one of five states which has no qualification law or has taken no action to adopt one.



The Ohio Valley

Old Republic

Insurance Company



The vivid contrasts of the Ohio Valley point the way to its unfolding future. Here great cities, lush meadows and cultivated farmlands adjoin an almost untouched mountain wilderness. In this widespread area men toil energetically to harness water power...improve communications...stimulate industrial growth and agricultural production...bring to fruition its vast reservoir of resources. As they work to implement their vision they foster the expressions of their traditions in crafts...music...their way of life.

Homes, industries and financial institutions make up the strong heart of this area. Here, as in all America, Old Republic is building an agency plan according to the American agency system. Agents are provided with those facilities that will increase their opportunity for greater success—multiple line facilities, good management, sound underwriting, a seasoned engineering department, prompt claim service and progressive selling aids. Address Superintendent of Agencies at Greensburg, Pennsylvania.

N. Y. Approves Rate Changes in Atlantic Mutual PPF Filing

A revised personal property floater rate schedule, which does not require coinsurance on unscheduled property, has been approved for Atlantic Mutual group in New York City, effective Nov. 1.

The filing, limited to Bronx, Kings, Queens and New York counties, came on the heels of a resolution passed by the New York brokers associations joint council urging that coinsurance be dropped in personal property floater policies in greater New York.

Highlights of the filing, in addition to the no coinsurance feature, are:

One of three deductibles is mandatory—\$25, \$50, or \$100.

The deductible will not apply to loss or damage by fire, lightning, windstorm, cyclone, tornado, hail, explosion, riot, riot attending a strike, smoke, damage by vehicles or aircraft, burglary or holdup.

While liability is limited to the values declared in each category of the "A to O" list of insured's declarations, liability may be increased to 125% of values declared upon payment of an additional premium of 15%. Similarly these limits may be increased, as to new acquisitions only, to 125% of values declared upon payment of an additional premium of 7½%.

Coast Claim Men Elect K. F. Hawkes

LOS ANGELES—Pacific Claims Executive Assn. at its convention here last week elected these officers: President, Kenneth F. Hawkes, Seattle, Northwestern Mutual Casualty; vice-president John Bigelow, Los Angeles; secretary-treasurer, W. W. Bashiell, San Francisco.

Featured on the program was a round table discussion of loss ratios, expense ratios, manpower, and education.

Chemical products and agricultural claims was discussed by Stuart W. Turner, agronomist, who stressed the necessity of getting to the scene of the trouble as quickly as possible and also of securing the complete and accurate data.

Arbitration was the theme of a panel that had for its object acquainting non-signators to the arbitration agreement with the benefits accruing from use of the agreement in settling cases. The current workmen's compensation problem was another panel number on the program, and in its handling it was brought out how the use of the arbitration agreement would reduce costs.

Albert H. Woods, director of public relations of Western Insurance Information Service, in a talk gave the claims men an insight into the functions of WIIS and offered its services to better public relations.

Dean Shaw of the Burroughs Corp. spoke on the use of the electric apparatus in the work of the association.

"The Independent Adjuster of Today" was the subject of an address by President Campbell of the NAIA; and attorney Wm. W. Watters presented the problems of claims as affected by court decisions.

Herbert F. Kirschner, publicist, gave a talk on "Lay Appraisal of the NACA," analyzing its functions and its relations to claims matters.

Hooker Opens Consulting Offices

Russell O. Hooker, who resigned as actuary of the Connecticut department

after 28 years in the organization, has opened insurance actuarial and consulting offices at 750 Main street, Hartford.

He recently was elected presidential actuary of Insurance City Life of Hartford, a new company writing credit life. He has served on important committees of National Assn. of Insurance Commissioners.

Federation of New York Insurance Women's Clubs will hold its annual convention at Statler hotel, Buffalo, in April. A new club, Lockport, was accepted in the federation at the midyear meeting earlier this month in Binghamton.

Ex-Commissioner's Conspiracy Trial To Begin Nov. 5

The trial of former commissioner D. D. Murphy of South Carolina and four other insurance men has been set for the week of Nov. 5. They are charged with conspiracy to defraud in connection with the sale of Capital Life of Columbia, S. C., to United of Chicago.

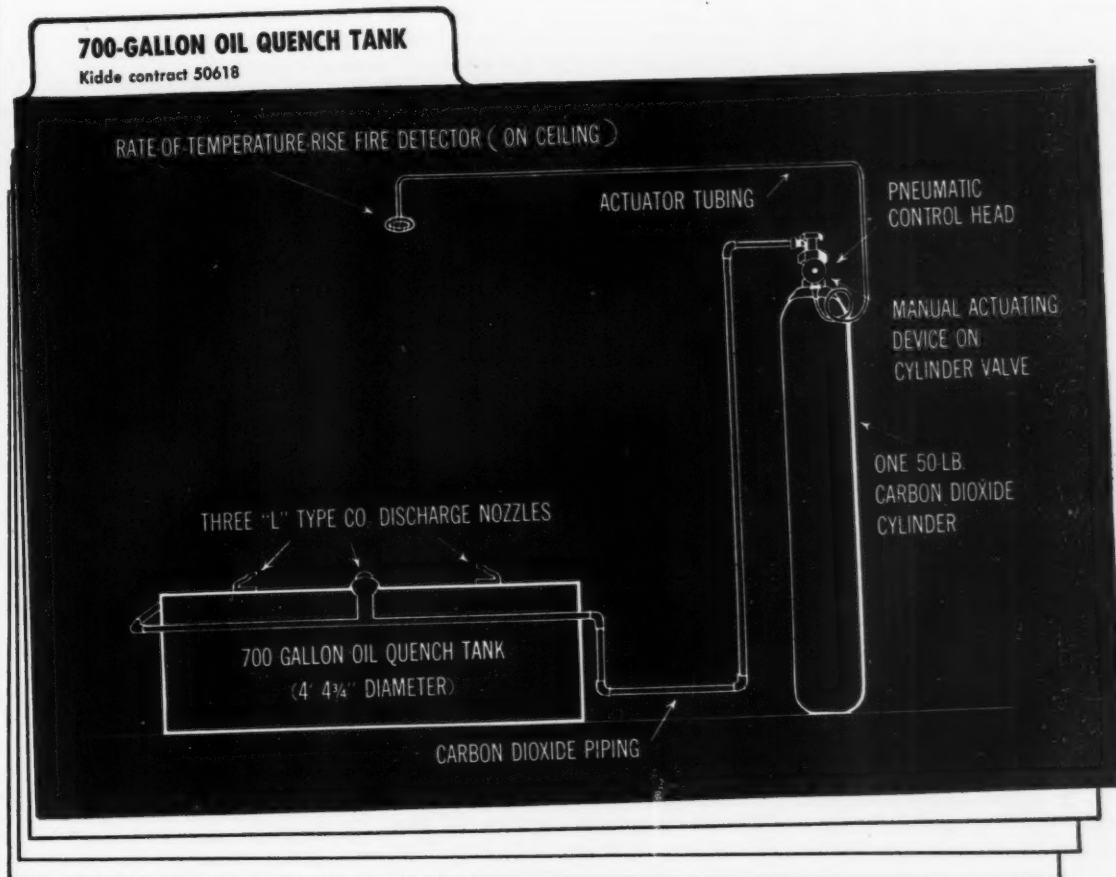
Other defendants are G. R. P. Farquhar and Bradley Layton of Colum-

bia, and O. T. Hogan and Paul Temple, who so far, has successfully fought extradition to South Carolina. The state contends the company, which was sold for \$3 million, was worth only \$2 million.

Murphy Named in California

Baker E. Murphy has been named casualty special agent by Providence Washington group. He has had many years experience in the production of casualty business in northern California.

From the Kidde file of fire protection case histories:



"The oil flared up and the system operated each time putting out the fire."

This quotation from a report by one of Kidde's trained field men sums up the way all Kidde CO₂ Fire Extinguishing Systems work . . . quickly, dependably and efficiently.

The installation diagrammed above was designed by Kidde to protect a circular oil quench tank used to temper red-hot metal bars. Indeed a breeding ground for fire, but no longer dangerous, thanks to Kidde protection!

Kidde systems guard against any emergency. Special rate-of-temperature-rise detectors trigger the system at the very first sign of fire, give round-the-clock protection even in case of outside power failure. All moving parts of a Kidde system are self-enclosed . . . tamper proof . . . have visual indicators which show at a glance whether the system

is "set" or "released." Kidde systems use no falling weights, no clumsy mechanical triggering methods. Pneumatic Control Heads insure instant and complete discharge of carbon dioxide gas, which puts out the blaze in seconds, leaves no mess to harm machinery, equipment or work-in process.

More than one hazard can be protected from the same bank of cylinders by the use of Directional Valves. The system can include automatic switches which shut off motors, fans and other equipment.

If you have a "problem hazard," why not call on Kidde. A letter to us will bring you more information without any obligation. Write Kidde today.

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Kidde

EDITORIAL COMMENT

Significant News From the Judiciary

Two items involving courts and court procedures of more than ordinary interest to the insurance business appeared in the New York press not long ago.

One was a ruling by the appellate division of the first department of the New York courts that beginning Jan. 1 a maximum limit will be applicable to fees received by attorneys in negligence cases. This schedule is up to 50% on the first \$1,000 of recovery, 40% on the next \$2,000, 30% on the next \$22,000, 20% on the next \$25,000, and 15% on any amount exceeding \$50,000.

This is a maximum—no lawyers can exceed it without written authorization from the court. Exceeding these limits will be regarded as unreasonable and unconscionable compensation in violation of professional ethics. The limits compare with the present practice of giving lawyers 50% of any amount recovered.

The second item consists of a point made in a letter to *New York Times*

by Joseph J. Cohen of New York. The evidence, he points out, does not uphold the long held theory that the tremendous increase in automobile injury cases is responsible for the overcrowded court calendar in New York City, and, ergo, for court delays.

Automobile accidents have more than doubled in 20 years, and the natural assumption has been that the multiplication of suits arising from such accidents clogged the courts.

Personal injury cases account for 80 to 90% of all the pending actions in New York's lower court. But when Justice McNally called 2,318 personal injury suits to process for the summer session and asked attorneys to indicate which ones originated in automobile accidents, the replies showed only 718, or less than one-third, originated in that way. The remainder were injuries arising from accidents in subways, on sidewalks and playgrounds, from falling ceilings, tripping on stairways, and as a result of encounters with horses.

jurisdictions should be insured in limits of at least 10/20/5 before being operated in this state, or the owner and operator will be subject to the penalty provisions thereof.

The act does not make it an offense for a non-resident motor vehicle to be operated on the highways of this state without adequate financial security. But upon receipt of evidence that such uninsured motor vehicle has been operated in the state, the commissioner of motor vehicles will revoke the driving privileges of the person operating and the privilege of the owner to have any motor vehicle owned by him operated within the state, for one year.

Also, if an uninsured motor vehicle is involved in an accident while operating in the state, certain other additional steps will have to be taken with respect to clearing up outstanding causes of action and unpaid judgments before the non-resident privileges can be restored, even after the expiration of one year.

The statute does not presently require any person to carry with him evidence of insurance and no violation occurs in the event of such a failure, but a non-resident who operates in New York a vehicle registered in New York, knowing that it is uninsured, is subject to criminal provisions of the law.

Also, the New York MV commissioner is required by law to notify the MV administrator of the home state when a non-resident is convicted in New York of any violation of the new law or when non-resident privileges in New York have been revoked.

PERSONALS

Sir Robert Bignold, chairman, Marquess Townshend, director, and B. M. Misselbrook, assistant general manager, all of Norwich Union Fire, are in the U. S. on a business trip. American Foreign Insurance Assn. feted the British officials at a recent luncheon in New York.

Gladys Brown, president of Insurance Women of Columbus, recently celebrated her 30th anniversary with the Archer Meek Weiler agency of Columbus, Ohio.

A. B. Jackson, president of St. Paul F. & M., has been elected a director of Gould-National Batteries Inc. of St. Paul.

Oscar W. Bohman, office manager of Hartford Accident at St. Paul, has celebrated his 25th anniversary with the company. He spent his entire service with the company at St. Paul, beginning as a payroll auditor. He became office manager in 1950.

DEATHS

LOENARD STEBBINS, 61, vice-president of the Cobb & Stebbins general agency of Denver, died of a heart attack while attending a meeting at Santa Fe, N. M. Mr. Stebbins was a member of a pioneer insurance family in the Rocky Mountain territory. He was a past president of Denver Assn. of Managing General Agents and was active in Fire Underwriters Assn. of the Mountain States and Rocky Mountain Casualty & Surety Assn.

MAX N. OBERDORFER, 52, local agent of Jacksonville, Fla., was killed when his car overturned near Fernandina Beach, Fla.

HARRY H. BENNETT SR., 63, local agent of Beverley Hills, Cal., died.

HAROLD GEITGEY, partner in the Standen-Geitgey agency at Elyria, O., died there.

MRS. MARTHA M. MALONEY, local agent of Meriden, Conn., and wife of former U. S. Senator Francis T. Maloney, died of a heart attack in Meriden hospital. She was the first woman member of the Meriden Board of Public Safety.

BERNARD MILLER, 62, who founded the Miller Brothers agency at Racine, Wis., in 1919 with his brother, Grover, died at a Racine hospital. He was secretary-treasurer of the agency.

MRS. JENNIE K. DRAKE, 90, mother of Lyman M. Drake Jr. of Critchell-Miller agency of Chicago, died in Winnetka, Ill.

ARTHUR C. ETHIER, stage agent in Michigan for North British, died after a long illness.

C. HENRY KRAMER, managing engineer of Manufacturers Mutual Fire at Chicago and with the company for 35 years, died at his home at Oak Park, Ill.

MRS. BARNEY PHELAN, wife of the local agent of Versailles, Ohio, died unexpectedly after a long illness. Mr. Phelan was attending the convention of Ohio Assn. of Insurance Agents when Mrs. Phelan took an unexpected turn for the worse and died.

GAB Makes Changes in S. C., N. C.

General Adjustment Bureau has transferred W. T. Beck from Greenwood, S.C., to manager at Fayetteville, N.C., to succeed W. W. Simpson who has taken a leave of absence. Charles B. Pinson Jr. will succeed Mr. Beck as manager at Greenwood. The bureau has also moved the location of its Columbia, S.C., branch to 1518 Washington street.

Mr. Beck joined the bureau in 1941, and since World War II has worked in Greenwood. Mr. Pinson went to the bureau in 1948 at Greenwood.

N. Y. Compulsory Can Hit All U. S. Drivers

A release from the New York motor vehicle bureau, states that the compulsory automobile insurance law "will directly affect more people than any legislation in recent times." This is the understatement of the year. New York compulsory will not only affect five million vehicle owners and 6 million licensed drivers in that state, but it also imposes substantial responsibilities on every other driver in the United States who happens to operate a motor vehicle at any time in New York.

The possible difficulties for the out-of-state driver or vehicle owner are sufficient to put them on notice that they had better have their insurance in force and in limits to accord with the prescription in New York—10/20/5—or run the risk of being subjected to considerable trouble. Alert agents over the country already have taken notice of the situation, and are calling to the attention of insured with limits less than New York's to the fact that they will not be complying with the New York requirement in case they ever drive there. Several associations in their official publications have drawn attention of agents to the need of getting insured prepared to meet the rigors of the New York compulsory automo-

bile law.

This is, of course, a nuisance, but it is also an opportunity for service—a kind, incidentally, which is also self-serving to the agent because if he fails to bring to the attention of his insured in a positive way the exigencies of the situation, and insured has an accident in New York with less than the necessary insurance, he is going to regard his agent with a jaundiced eye when he gets home.

Application of the law to out-of-state motorists driving in New York give such motorists and their agents a taste of some of the joys of compulsory automobile even before it goes into effect. There is, of course, an opportunity here for the agent who understands the situation to put in a few good licks with the public, his insured, in opposition to compulsory—which imposes on 100% of the automobile population, including the 80 to 90% who are responsible, tedious and onerous legal compliances in order to try to catch the fiercely irresponsible 10 to 20%.

The New York law imposes on non-resident motorists these requirements, as set out by counsel of the MV bureau:

Motor vehicles registered in other

THE NATIONAL UNDERWRITER

EDITORIAL OFFICE:

99 John St., New York 38, N. Y.

Executive Editor: Kenneth O. Force.

Assistant Editors: John B. Lawrence, Jr. and Walter C. Crocco.

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Managing Editor: John C. Burridge.

Assistant Editors: Charles L. Manning and Richard G. Ebel.

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CINCINNATI 2, OHIO—420 E. Fourth Street. Tel. Parkway 1-2140. Chas. F. Woods, Sales Director; George C. Roeding, Associate Manager; George E. Wohlgenuth, News Editor; Arthur W. Riggs, Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Riverside 7-1127. Alfred E. Cadis, Southwestern Manager.

DETROIT 26, MICH.—613 Lafayette Bldg., Tel. Woodward 5-2305. A. J. Edwards, Manager for Indiana and Michigan.

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175 W. Jackson Blvd., Chicago 4, Ill.

Telephone Wabash 2-2704.

Advertising Manager: Raymond J. O'Brien.

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Telephone Parkway 1-2140.

KANSAS CITY 6, MO.—950 Dierks Bldg., Tel. Baltimore 1-2244. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—1033 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—99 John Street, Room 2420. Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

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Howard J. Burridge, President.

Louis H. Martin, Vice-President.

Joseph H. Head, Secretary.

John Z. Herschede, Treasurer.

420 E. Fourth St., Cincinnati 2, Ohio.

Telephone Parkway 1-2140.

OMAHA 2, NEBR.—610 Keeline Bldg., Tel. Atlantic 3416. Fred L. White, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027. Tel. Pennypacker 5-3706. Robert L. Zoll, Middle Atlantic Manager.

SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. A. J. Wheeler, Pacific Coast Manager.



R. I. Agents Elect Lowrey President: Attendance at 400

Rhode Island Assn. of Insurance Agents elected Frank J. Lowrey of Pawtucket president to succeed John F. Kirby of Woonsocket at the annual meeting this week in Providence. More than 400 attended the two-day affair.

Other officers chosen were Elwin T. Gammons and Raymond G. Hawkins of Providence vice-presidents, George C. Hughes of Providence (reelected executive secretary) and Mr. Kirby state national director.

Regional vice-presidents named were Henry Alfred of Bristol, Bristol county; Walter L. Cronin Jr. of East Greenwich, Kent county; Raymond H. Flint of Newport county; Stanley Henshaw Jr. of Providence, Providence county; and Roger E. Trainer of Westerly, Washington county.

In his annual report Mr. Kirby disclosed that the association's public relations and advertising program will get underway in earnest after the first of the year. It will consist of a series of newspaper ads for a six month period from January to June and will appear in seven daily and Sunday state-wide papers. Mats of the ads will be available for local agent use in local papers, and an advance schedule of the state-wide ads will be given to agents to allow time for special local tie-in ads. Many of the ads will be reprinted for direct mail promotions on the local level.

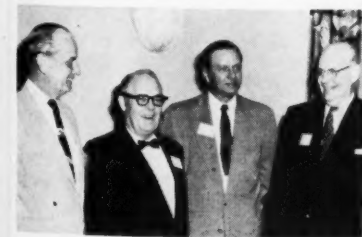
Mr. Kirby pointed out that the association had controlled business bills introduced in both houses of the legislature, which were subsequently defeated by auto dealer interests. He recommended that the association continue to press for their passage.

Mr. Kirby praised the association's work in insurance education, pointing to the establishment of two \$10 scholarship funds at Rhode Island university and the recent round table discussions on the homeowners C policy conducted throughout the state.

Chicago CPCUs To Hold All-Industry Lunch Oct. 25

The all-industry luncheon of the Chicago chapter of CPCU at the Palmer house Oct. 25 will feature a talk by Glenn P. Fouche, vice-president of Parade Publications and former president of the Stayform Co. Newly designated CPCUs in the Chicago area will receive their conferment at the luncheon.

In the morning, two forums will take up dishonesty insurance and mercantile block policies. John J. Geary,



Pictured at the office management and personnel conference of American Mutual Alliance at Atlantic City, are (left to right): Guy B. Arthur Jr. of Arthur & Associates, management consultants of Toecoca, Ga.; William Powers, deputy manager of American Bankers Assn.; Norman C. Allhiser, director of industrial relations institute of University of Wisconsin, and Guy Ferguson of Ferguson Personnel.

American Foreign Insurance Assn., is chairman of the forums, and moderators are F. A. Hohenadel for dishonesty and R. E. O'Meara, Stewart, Keator, Kessberger & Lederer, for mercantile block.

Sanford H. Lederer of Stewart, Keator, is president of the Chicago chapter, and Oren F. Nash, Chicago insurance agency, is chairman of the luncheon committee.

Aldani to Head Lloyds Operations of A. F. Shaw

Richard A. Oldani has joined the A. Shaw & Co. metropolitan supervising agency of Chicago as manager of the Lloyds department.



R. A. Oldani

Mr. Oldani started his insurance career in 1946 with Millers National in the inland marine department. He joined Stewart, Smith (Ill.) in 1949 as Chicago office manager and agency supervisor. He was recalled to active duty in the armed forces in 1952, and upon his return in 1953 went with Associated International Insurance Managers.

With A. F. Shaw, the oldest Lloyds agency in Chicago, Mr. Oldani will be responsible for increased activities of the London Lloyds nationwide operations.

D. C. Agents Honor Local Firemen

District of Columbia Assn. of Insurance Agents has chosen Rescue Squad 1 as winner of its annual fire company of the year award. Captain G. E. Deane accepted the award for the firemen from Robert E. McLaughlin, president of the D. C. board of commissioners, and Joseph Murray and Gerald Cassidy of the association. Seven other companies won honorable mention.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. La Salle St., Chicago, Oct. 16, 1956

	Bid	Asked
Aetna Casualty	121	123
Aetna Fire	61½	62½
Aetna Life	176	179
Agricultural	30	31
American Equitable	34	35
American Auto	25	26
American, (N. J.)	30½	31½
American Motorists	11	12
American Surety	19	20
Boston	34¼	35¾
Camden Fire	26	27
Continental Casualty	91	93
Crum & Forster com.	60	64
Federal	34	35
Fire Association	44½	45½
Fireman's Fund	53	54½
Firemen's, (N. J.)	35	36
General Reinsurance	43	44
Glens Falls	70	72
Globe & Republic	17½	18½
Great American Fire	35½	36½
Hartford Fire	144	146
Hanover Fire	40½	41½
Home (N. Y.)	44	45
Ins. Co. of No. America	96½	98
Maryland Casualty	32	33
Mass. Bonding	30	31½
National Casualty	55	Bid
National Fire	103½	105½
National Union	39	41
New Amsterdam Cas.	44	46
New Hampshire	38½	40
North River	32½	33½
Ohio Casualty	21½	23
Phoenix Conn.	70½	72
Prov. Wash.	21	22
St. Paul F. & M.	49½	51
Security, Conn.	33	35
Springfield F. & M.	48½	50
Standard Accident	50¾	51¾
Travelers	73	74
U.S.F. & G.	63	64½
U. S. Fire	29	30

Fred Kempf New Chief of Chicago Fire Patrol

Fred W. Kempf has been appointed chief of the Chicago Fire Insurance Patrol, it was announced by Charles E. Dox,



Fred Kempf

Chicago manager of London & Lancashire, chairman of the patrol committee. Mr. Kempf, who has served with the patrol for 32 years, succeeds the late Frank C. McAuliffe.

Founded in 1871 and operated by the Chicago Board and property insurers doing business in Chicago, the patrol answers alarms along with the Chicago fire department, directing its activities principally toward preservation of life and property. The patrol supplements the city fire department in helping to save lives and reduce property damage from fire and water by covering mer-

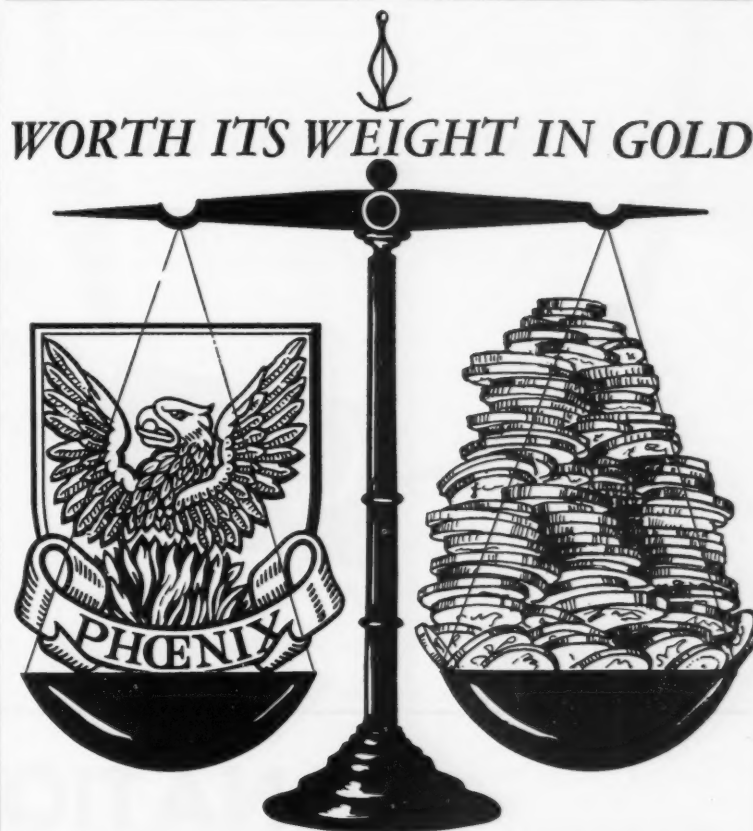
Suez War Risk Rates Cut Back to Normal

War risk rates on shipping cargoes through the Suez Canal have been cut back to pre-crisis levels.

Institute of London Underwriters said the through-Suez rate is now a minimum of 10 cents per \$280 of valuation and the rate for cargoes to, from or through Egyptian ports is 28 cents per \$280. The rates had been raised to as high as 80 cents and 98 cents respectively last month when non-Egyptian pilots quit their posts at the canal.

chandise and fixtures at the scene. The six-company patrol is comprised of 115 men.

Chief Kempf has gained wide recognition as a speaker on fire prevention before various groups, and as an instructor at college courses for fire department personnel. He has participated in the annual fire colleges at the universities of Illinois, Maryland and Indiana.



Service "extras" guaranteed to you by Phoenix of London Group are "worth their weight in gold". Both you and your clients will be happier with the cooperation you receive from Phoenix of London Group companies. It makes your business easier and more profitable.

Phoenix of London GROUP

55 FIFTH AVENUE • NEW YORK 3, NEW YORK

PHOENIX ASSURANCE CO. OF NEW YORK
COLUMBIA INSURANCE COMPANY OF NEW YORK
UNITED FIREMEN'S INSURANCE CO.
LONDON GUARANTEE & ACCIDENT CO., Ltd.
THE UNION MARINE & GENERAL INSURANCE CO., Ltd.

OUR ACTUARIES HAVE DONE IT AGAIN!

Occidental Life people today are hurrying home from conventions to sell these newly announced plans:

A Major Medical policy, individual or family, renewable solely at the option of the insured to age 75 with a paid up benefit after 75, 80% co-insurance not applicable to daily hospital and surgical schedule.

A true non-can monthly income disability policy that is guaranteed renewable to age 65 and pays income to age 65. (Two and five-year income plans available, too!)

A Group Major Medical plan for 10 to 50 life cases.

A monthly income disability rider for life policies that pays \$20 per month per \$1,000 of insurance.

These, plus many other new features, assure the Occidental representative that "More Peace of Mind Per Premium Dollar" means more for him, too.

HOME OFFICE: Los Angeles
W. B. STANNARD, Vice President



North America Revises Accountant Liability Policy

North America has revised and broadened its certified public accountants professional liability policy. Six important coverages have been incorporated in the new policy at no change in premium. The policy has been approved in 47 states and District of Columbia.

Major additions include coverage for civil libel, slander and defamation of character and permission to change partners or business operations without affecting the validity of the existing policy. Previously, the company reserved the right to cancel and re-write a policy if these changes occurred in an accounting firm.

The new policy also includes coverage for employees against claims or suits charging neglect, error or omission in the performance of professional services and payment of costs and expenses in addition to the limit of liability. It provides an unlimited number of claim notification period extensions, waives the right of subrogation against employees in the absence of affirmative dishonesty or actual intent to deceive or defraud and provides full salvage to insured.

Endorsements are available to give individually retiring partners notification period extensions and to provide for prior acts coverage which would not be available under the policy.

Fidelity Mutual Building New Home Office

Fidelity Mutual of Indianapolis has announced that construction on a new home office building will begin this fall at 3333 North Meridian street. The structure will eventually have four stories and a basement, but initially only the first two floors and basement will be built. This will give the company 22,500 feet of working space.

The new building will be reinforced concrete with Indiana limestone facing. It will feature sound proofing, air conditioning, indirect lighting, and an employees' cafeteria. There will be parking space for 100 cars on the 100x389 foot site.

Insurance Women of Midland (Tex.) at their October meeting heard a discussion on the new family automobile policy by Jack C. Wilson, assistant supervisor of agents for Aetna Casualty.

Slate Breakfast Talks Nov. 13 at HIAA Forum on Individual Coverage

Five breakfast discussions will be held at the individual insurance forum sponsored by Health Insurance Assn. of America Nov. 12-13 in Dallas.

The sessions will be held the second day and will be limited to 30 persons each, with one representative allowed from a company at each session. Topics will be A&S age limits including over-age and paid-up insurance, uniform policy provisions and approval problems, over-coverage and duplication problems, claim problems and deductible insurance.

The forum, the first annual meeting sponsored by HIAA, will feature panels, clinics and speeches on various phases of individual insurance work. Topics will include brokerage A&S, special risks, major medical problems and A&S advertising standards. The final program, as developed by the annual forum subcommittee headed by John H. Lumley, executive vice-president of Benefit Association of Railway Employees, Chicago, will be distributed later this month.

Presiding at the forum will be J. M. Wickman, 2nd vice-president of Mutual of New York and chairman of the standing individual insurance committee, under which Mr. Lumley's group functions.

Establishes Award in Junior Fire Prevention

Hartford Fire has established a gold medal award for boys and girls who distinguish themselves in fire prevention work during Fire Prevention Week in connection with the company's Junior Fire Marshal Program.

Nominations for the medal will be made by the company's agents together with school officials and fire chiefs. Nominees must be third, fourth or fifth grade pupils. A committee of nationally-known school and fire officials will make the final selection.

Harrisburg (Pa.) Assn. of Insurance Agents has elected Robert R. Roebuck president, Paul J. Landis Jr. vice-president, Harry J. Finerfrock secretary and Ernest F. Renk Jr., Luther Walmer, George C. Hoopy, Raymond C. Baker, Albert Allen Jr. and Charles M. Reese directors.

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American Surety Promotes Four to Assistant Managers

American Surety has appointed four assistant managers for its Detroit, East Orange, N. J., and Los Angeles branch offices.

James W. Fleshman, new assistant manager at Detroit, joined the company at its home office in 1949, and after training in various departments, was assigned to Washington, D.C., as special agent. In 1954 he transferred to Detroit in that capacity.

Edward A. Schaffner, new assistant manager at East Orange, started with the company in 1920 and was transferred to Brooklyn five years later, where he was underwriter, solicitor and special agent. He continued in the latter position when he was transferred to the metropolitan branch office last year, at which time all the Brooklyn operations except bonding, were consolidated with that office.

William N. Jaccard Jr., new assistant manager at Los Angeles, joined the company there in 1949 in the casualty underwriting unit. He was appointed superintendent of casualty in 1950.

Robert E. Hunter, another new assistant manager at Los Angeles will go to Phoenix, Ariz., to establish production and underwriting facilities in that state. He joined the Los Angeles office in 1949 as a special agent, and has been surety superintendent since 1955.

Fete Hooker, Retiring Conn. Department Actuary

Some 65 Connecticut insurance leaders feted Russel O. Hooker, retiring actuary of the Connecticut department, at a luncheon in Hartford. He has started his own actuarial and consulting business in Hartford.

Among those at the affair were Commissioner Spellacy and Joseph T. Geoghegan, chief examiner, of the department, and John C. Blackall, former commissioner.

Mr. Blackall recalled that Mr. Hooker had served under four commissioners and lauded his contribution in building the department. He also touched on Mr. Hooker's contributions to the business through work on committees of National Assn. of Insurance Commissioners.

N. Y. Law Safeguards Installment Car Buyer

Greater New York Insurance Brokers' Assn. has pointed out that the new retail sales provision of the motor vehicle act, effective in New York state Oct. 1, will curb misclassification overcharges and tie-in sales of collision and fire and theft insurance with finance charges on automobile sales. The law applies to any retail installment sales contract of not more than \$3,000.

All sales contracts will be in writing with all details shown, under the law. The contract must specifically spell out for the buyer that he is getting no BI or PDL cover and will state the exact amount included for insurance. The charge for insurance will be in accordance with rates on file at New York department, and the finance company will send to the policyholder his policy, clearly showing the premium for each coverage. The buyer shall have the privilege of securing his insurance from his own agent or broker.

Print Proposed Okla. Code

Copies of a proposed insurance code for the state of Oklahoma, prepared by a sub-committee of the Oklahoma legislative council, have been prepared for distribution according to Commis-

sioner Hunt. The code has recommended new provisions and compares them to provisions of the existing code. Copies can be obtained from Smith Printing Co., 1505 Northeast 23rd Street, Oklahoma City, at \$5.10 per copy.

Adjusters Open Three More Offices

Gay & Taylor general adjusters, have opened new offices at Fayetteville, N. C., Norton Va., and Huntsville, Ala., to bring to 31 the number of offices the company operates in North Carolina, South Carolina, Tennessee Virginia, Georgia and Alabama.

Brown To Head New Aetna Casualty Branch in Springfield, Ill.

Aetna Casualty will open a new branch in Springfield, Ill., Nov. 1 at 628 east Adams street, to handle casualty and bonding in central and northwestern Illinois. Roy Brown, manager at Grand Rapids, Mich., will become manager of the new office.

He joined the company in 1946 and served for five years as a field man in the central Illinois territory. He later

became superintendent of agents at Atlanta, Ga., and in 1954 was appointed manager at Grand Rapids.

Baumer Joins DIA

Edward H. Baumer has joined Detroit Insurance Agency as manager of the boiler and machinery department. He has been special agent in the Detroit area for Hartford Steam Boiler, having been associated with that company in various capacities for seven years. Previous to this he was with the National Automobile & Casualty in California for three years.



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our agency
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"We sell insurance, not policies. Presently we are surveying eight big accounts . . . We have completed 27 surveys to date and it sounds fantastic, but we have yet to have one client turn down any of our recommendations. The result? About \$20,000 in additional premiums!"

—A North Dakota agent who learned about survey selling at the Hartford Fire Insurance Training Center.

Interested in Survey Selling? If so, you'll be interested in "The Know-How of Insurance Surveys", written by Cliff Burnham, Associate Director of the Hartford Fire Insurance Training Center. Send for your free copy today!



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Northwestern Fire & Marine Insurance Company
Twin City Fire Insurance Company Minneapolis 2, Minnesota

FIELD

Answers Criticisms of Blue Goose

Robert L. Wiseman of Washington, D.C., writes:

The article relative to the Blue Goose losing sight of original objectives printed in the Oct. 11 issue of THE NATIONAL UNDERWRITER is, to me, most startling. I wonder if Mr. Stickles can recall with any degree of accuracy events which took place 50 years ago. Mr. Stickles apparently has completely lost sight of the obligation which he took, under oath, when he was subjected to what he describes as the "seemingly ridiculous business of initiation" and it is suggested that he carefully review this obligation before writing any more letters intended for publication and consumption by the general public.

The conclusion that I reach after re-reading Mr. Stickles' comments is that he belongs to the group which is content to sit passively on the sidelines and criticize those who give their time and efforts, completely lacking in the courage to voice his own thoughts and ideas which I feel sure, if so voiced, would be given the full consideration of those in attendance at his own pond meeting.

Personally, I do not appreciate his sarcastic comments.

Aetna Fire Makes Changes in Western Department

Aetna Fire has made several field appointments in its western department.

William C. Ahrens has been named special agent for Michigan to succeed Milan Luptak, who resigned to enter the local agency business. Mr. Ahrens will have headquarters at Detroit.

Special Agent Glen L. Sponsler Jr. has been transferred from northern Illinois to the Ohio field with headquarters at Columbus.

In Minnesota, Arvid M. Hanson and Lester A. Deets have been named special agents with headquarters at Minneapolis. Aetna has also moved its Minneapolis office to 730 McKnight building.

Elliott to Central Ohio Agency as State Agent

Burgess L. Elliott has joined Central Ohio Agency of Springfield as state agent for the general agency division. He has been assistant secretary and state agent in Ohio for Mayflower of Columbus.

Mr. Elliott started in insurance with Western Adjustment in 1945, and was with Mayflower beginning in 1950. With Central Ohio Agency he will represent Fire & Casualty of Connecticut in Ohio through its general agents.

Crawford Promoted in Tenn.

James Crawford, special agent for North British at Nashville for two years, has been promoted to state agent in Tennessee. Before going with North British he was assistant superintendent of the audit division of Kentucky Inspection Bureau.

Yates to N. J. Field

New York Underwriters has appointed Steven A. Yates special agent in New Jersey. He was formerly with Fire Insurance Rating Organization of New Jersey.

Salvage Talk in Michigan

Harold Junge, supervisor of branches of Underwriters Salvage Co. of Chi-

cago, addressed the first fall meeting of Michigan Fire Underwriters Assn. at Glen Oaks Country club. LeRoy Junge, Detroit manager of Underwriters Salvage, accompanied his brother to the meeting.

Foote Joins Ohio Farmers as Ohio Special Agent

Ohio Farmers has named F. Harold Foote to the southern Ohio field as farm special agent. Mr. Foote will have headquarters at Columbus. For the past 20 years, he had been with Springfield F.&M. group as survey and farm special agent in Ohio and in the western department office at Chicago.

Schedule Educational Seminars in Minnesota

Minnesota Fire Underwriters Assn. has scheduled a series of educational seminars for agents beginning Oct. 23 at Grand Rapids. Other meetings will be at Fergus Falls Oct. 24, Sauk Center Oct. 25, Marshall Oct. 30, Mankato Oct. 31, and Rochester Nov. 1.

Arrangements are being made for seminars for Minneapolis, St. Paul and Duluth later in the year. Each meeting will be in the afternoon and will wind up with a dinner. The subjects include the independent versus the captive agent, the new family auto policy, the comprehensive dwelling policy, advertising, and collections and credit.

Bissell to Conn. Field for Hartford Accident

Summer F. Bissell has been named special agent in western Connecticut by Hartford Accident. He joined the company in 1954 in the home office business extension department and transferred this year to the agents' service department.

Hartford A. & I. Assigns Welch to Pa. Field

Hartford Accident has assigned Louis E. Welch special agent in east Pennsylvania at Allentown. He was previously special agent and claims representative for the company at North Platte, Neb. He started with the company in 1949 as a claims representative in Pittsburgh.

Phoenix-Conn. Promotes Skaggs in W. Va. Field

Robert C. Skaggs has been promoted to state agent in West Virginia for Phoenix of Hartford to succeed Frank J. Vaughn, who will retire Nov. 1.

Mr. Skaggs formerly a special agent for the group, will continue headquarters at Huntington.

Mr. Vaughn joined the company in 1916. He was appointed to the field force in Oklahoma in 1920 and moved to West Virginia in 1926.

Rhode Island Insurance Fieldmen's Assn. at the October meeting heard Robert G. McKay, associate manager of Eastern Underwriters Assn., describe his organization's functions and its public relations efforts.

Continental Casualty Has Two Basketball Covers

Continental Casualty's special risks division is offering two plans of coverage for school, amateur and semi-professional basketball teams this year. One covers up to \$500 in unallocated medical expense benefits for each accident and the other \$250. In addition, both plans provide for premium reductions up to 25% if the team takes a \$10 deductible. Both programs pay for expenses incurred within 26 weeks of date of accident and provide for injury expense protection for all games, practices and supervised travel. The coverage lasts for the length of the season, about five months.

A & S

CIO Backs New Mich. Health Insurance Plan as Rival to Blue Cross

LANSING—What is regarded as a serious threat to dominance of the Blue Cross-Blue Shield hospitalization and medical care program in Michigan was the organization during the past week in Detroit of a CIO-backed pilot program to devise a "community health association."

Walter P. Reuther, CIO-AFL vice-president and head of the United Automobile Workers, inspired the organizational attempt following frequent criticisms over the past year of Blue Cross-Blue Shield operations. Michigan Hospital Service (Blue Cross) and Michigan Medical Service (Blue Shield) now provide hospital-medical coverage for some 3½ million persons in the state, of whom an estimated one-third are UAW members.

Reuther has contended that repeated rate raises by the hospital-medical services were primarily an evidence of administrative weaknesses and were not warranted under a properly operated plan.

A board of directors to set up the new community association was created at the organizational session. Reuther explained the intention is to provide a program making possible "comprehensive medical care of high quality through pre-payment" for both families and individuals. He denied the plan's facilities would be confined to union members or that it would necessarily supplant any existing plan. Broader coverage is the main objective, it was indicated. A proposed constitution was drafted to be submitted for formal adoption at a Nov. 12 meeting.

LPRT to Elect President at International Meeting

The executive board of International Assn. of A&H Underwriters has announced that, beginning in 1957, a president of the Leading Producers Round Table will be elected each year at the annual convention of the International.

Election of the LPRT president will be by vote of the current members and life members of the organization in attendance at the breakfast held during the convention. Although the nominee need not be present, he must be a member of the LPRT and must have currently qualified for the gold award. Nominations will be accepted by mail from members and from the floor. Nominations sent by mail should be addressed to the chairman, LPRT committee, International Assn. of A&H Underwriters, 330 South Wells street, Chicago 6, Ill.

LPRT had 216 qualified members during 1955, and reports from local associations indicate greatly increased interest during 1956.

Minn. Commercial Men's To Contest FTC Order

MINNEAPOLIS—Paul Clement, president of Minnesota Commercial Men's Assn., said his company expects to take to court any order from the Federal Trade Commission banning his company's advertising of A&S insurance. An examiner of the FTC has

recommended such an order on the ground that the advertising is false.

Mr. Clement said Minnesota Commercial Men's will contend the FTC does not have jurisdiction over insurance companies and will also contest each of the examiner's several points concerning its advertising. Mr. Clement said the examiners cited the "possibility of deception" in several parts of the advertising without pointing out where deception had taken place.

Economics Society Reelects McCord

E. A. McCord, president of Illinois Mutual Casualty, was reelected president of Insurance Economics Society at the annual meeting last week in Chicago.

The society met at the Edgewater Beach hotel at the same time as American Life Convention. Theo. P. Beasley, Republic National Life, was elected 1st vice-president; W. J. Hamrick, Gulf Life, 2nd vice-president, H. O. Fishback Jr., Northern Life of Seattle, secretary. E. H. O'Connor is managing director.

Named to the executive committee for three years were W. G. Alpaugh, Inter-Ocean; Travis T. Wallace, Great American Reserve; V. J. Skutt, Mutual Benefit H. & A.; A. D. Johnson, United, and S. L. Horman, Time of Milwaukee.

Mr. McCord in his presidential address detailed the work performed by the society last year and complimented Mr. O'Connor on the achievements he has been able to make. Reporting as managing director, Mr. O'Connor reviewed legislative developments in the social security field, particularly the 1956 amendments. All bills pertaining to compulsory cash sickness insurance were defeated in state legislatures last year, and no state has adopted a compulsory plan since 1949, Mr. O'Connor said.

Insurance Economics Society is rounding out 14 years of activity during which it has followed a program of vigorous opposition to compulsory health insurance at both state and federal levels. The society is now a storehouse of information in the realm of state and federal developments and proposals.

FTC Reserves Decision on Motion by Combined To Dismiss A&S Charges

Examiner Laughlin of Federal Trade Commission has heard final arguments on the motion by Combined of America for dismissal of false A&S advertising charges and has taken the matter under advisement.

Mr. Laughlin took testimony in Washington on the Liberty Mutual case. The hearing was slated to continue Oct. 19 in New York City.

A hearing was scheduled for Oct. 17 in New York on the complaint against Federal Life & Casualty.

Eau Claire A&S Men Elect

EAU CLAIRE, WIS.—J. W. Haskins, Time of Milwaukee, has been elected president of Northwest Wisconsin A&H Assn.; George R. Welter, Time, secretary, and Roy F. Bye, North American Life & Casualty, treasurer.



E. A. McCord

1957 Auto Changes to Be Expensive for Insurers

(CONTINUED FROM PAGE 4)

1955, used car sales should exceed 500,000. Actually, only 170,000 used cars were registered. It means many thousands of used cars were driven out of town and most of them with worn tires not replaced or sold in this market. Net result, the local tire market is reduced about one-half, or \$12 million. This explanation tends to prove unusual conditions in this area.

When you consider a \$120 complete coverage policy breaks down about \$30 for BI and medical and \$90 for comprehensive, fire and theft, deductible collision and property damage, 75% of the income is for physical damage repairs. Local companies writing a large proportion of this business here are particularly vulnerable to more expensive repairs created by design and styling changes. For national companies, close analysis of local loss figures forecasts what will follow elsewhere the following year. A comparison of physical damage loss ratios here with other areas is bound to be high due to the continuous change in the past few years and the known factors on 1957 models not displayed as of this date.

A few examples of changes that are taking place right now that will increase physical damage repair costs will serve to illustrate this point. In the last few years bumpers have grown two feet longer, wrapping around at the ends. In the last two years many of them have grown wider until the retail price of a bumper face bar with high styled bumper guards approaches \$100 per unit on medium price cars. As this trend will be picked up on the low priced volume cars this change becomes a factor, especially because each car has two of these units.

A second purely styling change of the forward extension of the front fender panels, and the rear projection of rear quarter panels (called tail fins) provides an interesting study in how they affect repair costs. As they project almost even with the bumpers they have little if any protection. Again you have not only the added cost of repairs to the projecting units but added cost of repairs to the car these pointed projections hit.

The recent trend in the so called high styling of the rear of the car with reverse curves in the trunk covers or lower panels and the addition of long vertical rear light assemblies costing up to \$50 per pair, the second most vulnerable area on a car becomes much more costly to repair.

For the sake of brevity we would like to leave you with this thought as you look at physical damage loss ratios in Detroit. As the insurance business is based on averages it is interesting to note that with twice as many new cars on the road, the chances of two newly expensive repair jobs being involved in the same accident are four times as great in this area.

Louisville Agents Begin Auto Ad Campaign

LOUISVILLE—The Louisville board has arranged a six-month advertising campaign in the local newspapers in addition to its regular program. The new series will acquaint the public with automobile insurance and the advantages of dealing with independent agents as against finance companies or auto dealers.

California Agents Elect James Bennett President

(CONTINUED FROM PAGE 6)

solved by the employment of an expert on systems.

At the Tuesday panel on increased profits through improved service, Kenneth B. Rodts, Kaiser companies, insurance buyer, spoke on the value of surveys and included suggestions for preparing them for the client's benefit. He advised the agents to keep to constantly reminding the buyer of his services and show they were worth the agent's profits.

Charles Dishart, discussed how to meet state fund workmen's compensation competition by service; Kennon Write stressed knowledge of contracts, the frequent changes and assist in losses under liability lines; Robert Kaiser, Fire Association, discussed service in fire lines, and James W. Uren, accident and sickness production. Thomas P. Kling, Industrial Indemnity, was moderator of the panel conducted by the Oakland insurance forum.

Keynote speaker at the opening session Monday was Robert P. Battles, president of the NAIA. The insurance agent and legislation was the topic for a breakfast meeting Wednesday, attended by state legislators, with H. H. Hendron, legislative chairman, presiding. This discussion was the basis for a talk on "A Change in Viewpoint" by W. F. Williams, legal department, National Board of Fire Underwriters.

The new officers were installed by Mr. Battles and Insurance Commissioner F. Britton McConnell administered the oath at the banquet Wednesday night.

Needham Heads New Lloyds Department for Homer Bray

LOS ANGELES—Homer Bray Service has formed a complete London Lloyd's underwriting department in Los Angeles, and has named Claude Needham in charge.

A noteworthy feature of the new department will be to augment the 100% Lloyd's market with automatic pool treaties on a quota share basis, combining American stock companies with Lloyds.

Mr. Needham is a member of a southern California insurance family that is well known. His father, Raymond Needham has been prominent in company affairs for many years, and now is in the local agency field, while a brother, Clifford, is in the company field in San Diego. Mr. Needham entered the insurance business in 1946. Before joining the Bray organization he was associated with the Watson surplus lines agency.

N. Y. Surety Men See Film on "Texas Tower"

Surety Underwriters Assn. of New York City at its October meeting saw a film of the construction and installation of the first "Texas Tower" radar warning station sunk into the bed of the Atlantic ocean, 140 miles southeast of Boston.

The film, produced by the Raymond Concrete Pile Co., was shown by Rudolph B. Jordon, supervisor of New York engineering department of Home, and Robert Reid, assistant manager of metropolitan department of Home Indemnity.

hear a talk by William Potter, New York manager of Factory Insurance Association, on latest FIA developments, at a luncheon meeting Oct. 22 in Robert Treat hotel, Newark.



From the diary of an Agency Secretary



Well! So I'm finally getting back to work, am I, after my 'hostessing' trip to Philadelphia? That's what Mr. L says, anyway. Of course, I've really been soloing my Underwood right along, but—oh, well, men are so . . . so . . . and how they do like to tease a girl! But of course we are busy in the office these days—Extended Coverage. Mr. L has gone all out in promoting it. He says the PLM Extended Coverage endorsement, considering all the many risks it covers, is one of the biggest bargains for any home owner. 'A breeze to sell, Ellen!' he says.

MR. LOCAL AGENT

Are you pushing Extended Coverage in *your* office? Popular as this comprehensive policy has become with the public, there is still a big untapped prospect list in every territory. PLM has an informative and really different folder on Extended Coverage. Why not put it to work for you? You are cordially invited to write us about it.

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PROFIT

in the sky



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COMPANY, LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • VIRGINIA FIRE & MARINE INSURANCE COMPANY

Sounder Underwriting Key to Bond Business

(CONTINUED FROM PAGE 15)

Mr. McKell urged field men to make the joint contractors agree in advance on delegation of work and responsibility.

Over-extended by the contractor is one of the greatest current dangers to underwriters, he said. Many newcomers to the contracting field may do well on their first undertaking and make a 15% profit on a \$100,000 job. A great many think it is just as easy to take on a \$1 million job and make 10 times as much.

In analyzing a contractor's finances, Mr. McKell advised looking first at liabilities, and, specifically, the accounts payable. The underwriter must determine whether the contractor's cash, receivables, and securities are sufficient to liquidate his obligations on schedule. He cautioned underwriters to beware of financial statements without listed liabilities.

The contractor's reputation for organizing and completing work on schedule, the condition of the contractor's overhead, and the contractor's reserve for taxes also are important considerations. Equipment of road contractors should be checked carefully as to age and terms of mortgage payments. Often they find themselves with mortgage obligations of thousands of dollars a month and must have contracts with estimates receivable to meet these payments. This causes them to bid too cheaply simply to have money coming in, Mr. McKell pointed out.

The underwriter must make certain that subcontracts provide that the retainage to be paid to the subcontractor

by the general contractor be tied in with a time schedule related to collection by the general contractor of his own retainage. Failure to do so may force the general contractor to finance the subcontractor for the retainages. With heavy subletting, Mr. McKell said, it is essential that retainages payable to subcontractors be fully disclosed so that net working capital may be properly weighed.

Mr. McKell's bulletin emphasized that the bond guarantees these things: The contractor's honesty and reliability, his skill and experience, his ability to organize, to get needed materials, to handle workmen, to avoid unnecessary costs, to pay his men and subcontractors, to manage the office, keep correct records and accounts, carry proper insurance, and his ability not to over-extend and take on more work than he can finance.

If the contractor measures up to these specifications, two questions still remain: Is the contract a feasible one, and can the owner pay cash for the work? If the contractor attempts to finance an impoverished owner, he puts himself in financial jeopardy, not only on the current job, but on all his other work, Mr. McKell said.

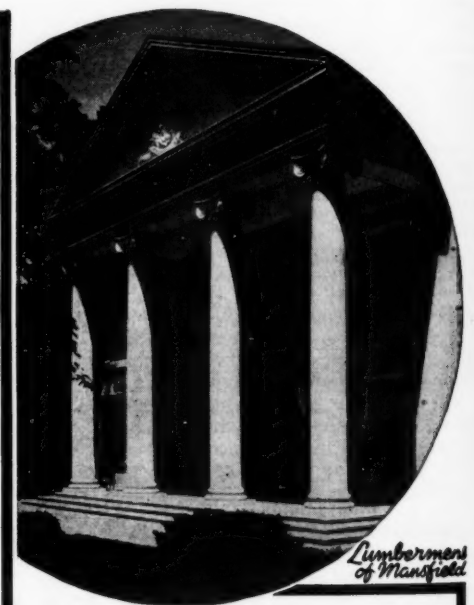
Mr. McKell concluded with a reference to what contractors themselves say they must do or not do if they wish to survive, be successful and qualify for suretyship. Their own warnings are remarkably parallel to those sounded by surety men on basic concepts, he pointed out.

"Good Will-

is a desire on the part of a person or persons to return to the people and their places of business where they have been well treated. It has a value"—so decided the Supreme Court many years ago.

The people at Lumbermen, many years ago, had a desire to establish an insurance relationship between policyholders, agents, and company through which each would be adequately protected and all could profit by the transaction.

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Good Will policies



across the Nation

THE LUMBERMENS
Mutual Insurance Company
MANSFIELD, OHIO

Banks Study How to Handle Package Policies

(CONTINUED FROM PAGE 11)

accrue enough to pay the fire and EC then return the problem to the mortgagor; or they buy fire and EC and leave the rest to the mortgagor. Probably the most efficient, least troublesome way is to accrue all. Accruing only fire and EC requires a second premium notice.

He predicted that within five years almost all mortgagors would have package policies. Consequently, it is important that a satisfactory method of handling such insurance be evolved and settled on.

Several forum members said that fully accruing for the package is best if part of the premium is left to the mortgagor the bank insurance department ends up with a big "pending" file.

Mr. Herold said the trend of the banks is toward accepting the installment premium idea. It makes a lot more work but saves some money for the mortgagor and is a good public relations effort by the bank.

One forum member said that there had been so many instances in which the bank had paid the fire and EC premium one month and the next month it was replaced with a homeowners that his bank established the rule which it now follows of accepting a homeowners replacement of fire and EC only on the annual installment.

Another bank will take homeowners any time but only with a receipted premium bill—to avoid becoming involved in correspondence, telephone calls and extra accounting.

Mr. Dunlaevy called attention to the fact that General of Seattle has developed and is using on the west coast an "Ultra" householder's policy which contains fire and EC on a page that can be removed and given to banks if a mortgage is involved. In California other insurers are using a page with a carbon for the mortgagee's interest—credit is shown on the package policy for the fire and EC.

Mr. Dunlaevy also commented on the fact that a few of the smaller independent companies have included automobile insurance in the home owner's package policy, and if this practice spreads, as it may, the questions involved in accruing will become even more important because of the premium involved.

It was pointed out that the banks have to have the fire and EC policy in order to avoid the possibility of the mortgagor surrendering it for cancellation without the knowledge of the bank, which would leave the bank unprotected as to its interest.

There is some objection by mortgagors, apparently, to accumulation and indefinite holding of more than the premium required for fire and EC.

A new rider has been brought out by Surety Assn. of America to cover a possible gap in the bankers blanket bond, John Danko of Central Savings Bank reported. This is SR6059 for use with BBBs 5, 22 and 24, and it covers losses sustained by the bank in connection with loans on real property mortgages, real property deeds of trust or like instruments which have been defective because of a signature obtained through trick, artifice, fraud or false pretense. The rider, which was developed as the result of a Washington, D. C., case still in litigation, starts at a minimum of \$10,000, and the premium is based on amount plus number of mortgage loans outstand-

ing as of Dec. 31, 1955. Present BBB forms do not cover and neither do title policies, Mr. Danko said.

Mr. Danko, as chairman of the bond committee of the forum, also reported that in connection with the servicing contractor's rider to the BBB, a questionnaire has been developed which is designed to help each bank determine the amount of coverage it needs. The

questionnaire, which is to be filled out by the servicing agent, asks for:

1. Balances in escrow account for the bank for the past 12 months. 2. Total amount in escrow for all investors and total amount of mortgages serviced for all investors. 3. Amount of contractor's bond, company, policy number, type of bond, term, maturity date, whether premium has been paid, whether it covers all officers and employees, what exclusions it has and, whether it includes errors and omissions. 4. Does the contractor carry a

standard E&O policy, in what company and for what term?

R. P. White of Allstate discussed a change in his company's fire and EC renewal certificate which had caused some banks to ask if basic provisions of the coverage had been modified. He said the change was minor, it was made as the result of exclusion of outside antenna, an exclusion made effective since the original policies went into effect. The policy is not affected. He also said the company was receiving-

(CONTINUED ON PAGE 28)

No Substitute For It

As long ago as 1918, The National Underwriter became a member of the Audit Bureau of Circulations. It was the first insurance publication to acquire such membership.

As a consequence, for 38 years we have been obliged to keep our subscription records in the exacting, expensive, detailed way required by the A.B.C. Frankly, some of the rules strike us as unnecessarily burdensome. They impose upon us numerous time consuming procedures.

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The NATIONAL UNDERWRITER

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(CONTINUED FROM PRECEDING PAGE) ing some questions from upstate because the renewal certificate is not countersigned. The certificate does have facsimile signatures of officers on the back and it is valid. It has been okayed by the insurance department, he said.

Asked if Allstate had filed in New York for use of a three year policy, he said he was not in a position to answer the question now.

Mr. Herold called attention to the fact that Thomas Glavey, a forum member, has been made vice-president of Chase Manhattan Bank in charge of insurance.

Hazel Ahern of Dollar Savings Bank has been named publicity director of the forum, succeeding Mr. Danko.

William Owen, formerly a member and officer of the forum but now with the insurance committee of American Bankers Assn., was a visitor.

MD. APPEALS COURT

Defines Mercantile Use Exclusion in Standard Fire Policy

The occasional sale of junk wood by a tenant from insured's garage did not violate the mercantile use exclusion of fire policies on the premises, Maryland court of appeals held in *North America vs Lapidus*, 8 CCH (Fire & Casualty) 1042.

The appeals court affirmed for insured judgments of \$500 against North America and \$300 against American National Fire, both of which had the cover on the premises, as the result of a fire in insured's garage. At the time of the fire the garage had been rented to a mover and handyman who occasionally acquired scrap lumber, furniture and other articles which he disposed of or sold from his truck either inside or outside the garage.

The insurers maintained the following exclusion applied under the circumstances: "The insured may apply up to 10% of the amount specified for Item I to cover all private structures appertaining to the described premises, but not structures used for mercantile, manufacturing or farming purposes."

The appeals court said that courts do not favor the forfeiture of insurance contracts unless a prohibited use can be shown to have increased the hazard or had some relation to the fire. The appeals court added that there was no evidence of a mercantile use and defined mercantile as dealing in the purchase or sale of commodities, not occasionally or incidentally, but habitually as a business. The tenant was a truck operator and handyman who occasionally picked up articles that he could sell, but his basic operation was hauling, cleaning out cellars and moving, the court pointed out.

Arnold H. Ripperger and Harry W. Allers of Baltimore were attorneys for the insurers. Herbert L. Grymes of Baltimore represented insured.

20 Agents Attending Royal-Liverpool School

Twenty agents, representing agencies from Alabama to South Dakota, have started the fourth seven-week course for agents at Royal-Liverpool. The school, recently accredited by New York department, offers multiple line foundations in a concentrated course. James A. Baxter, director of education, has programmed 35 guest lecturers from the company.

Enrolled in the course are: James Baum of Battle Creek, Mich.; Oscar Benson of Dover, N. J.; James J. Bolenhead of Florence, Ala.; Frank H. Cowling of Newport News, Va.; Thomas J. Donovan of Cedar Rapids, Ia.; Girard J. Ferrario of Scranton, Pa.; L. Dean Johnson of Westfield, N. J.; Lauritz E. Larson of Sioux Falls, S. D.; and Herbert G. Matteson of Woonsocket, R. I.

Also, David McFalls of Ridgewood, N. J.; Warren Reutershan of Mahwah, N. J.; Howard L. Shonting of Port Chester, N. Y.; Richard P. Stegeman of Newport, Ky.; Victor Taylor of Wilmington, N. C.; Howard C. Tucker of Tullahoma, Tenn.; Helen O. Welsh of Hyattsville, Md.; James H. White of Muncie, Indiana; William J. Zester of Paterson, N. J.; and William M. Raymond of Stamford, Conn.

N. J. Self Insurers To Discuss WC Law Changes

New Jersey Self Insurers Assn. will hold its annual meeting Oct. 18 in Military Park hotel, Newark. In addition to the annual election of officers, the association will conduct a panel discussion on amendments to the New Jersey workmen's compensation law which becomes effective Jan. 1. The group will also honor Edgar I. Bell, treasurer.

The group will also honor William C. Nisson of General Motors, president, and Edgar I. Bell, of New Jersey Bell Telephone, treasurer, who are retiring from the board of managers.

Mutual Agents Organize

Mutual Insurance Agents Assn. of New Hampshire has been formed in affiliation with Mutual Insurance Agents Assn. of New England. Marshall Colbleigh of Nashua, chairman of the organizing committee, has been elected as the new unit's first president.

Other officers are Theodore Barton of Keene, vice-president; Raymond Conway of Berlin, secretary; Bernard Hadlock of Littleton, treasurer, and Charles Varney of Rochester, chairman of the by-laws committee. More than 75 agents and company men attended the organization meeting in Concord.

Edward T. Tait will be sworn in as a member of Federal Trade Commission Nov. 2 in Washington, D. C., to succeed Commissioner Lowell Mason.

Publish New Underwriters Handbook of Iowa

A new Underwriters' Hand-Book of Iowa has been published by The National Underwriter Co. It provides complete and up-to-date information on agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the Hand-Book may be obtained from The National Underwriter Co., 420 East Fourth street, Cincinnati 2, O. The price is \$12.

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Casualty Rates Need Boost, Actuaries Told

(CONTINUED FROM PAGE 2)

retentions, a 1% increase in the cost of living can develop a leverage of 10 to 1 in the excess losses. Employers has found its experience seems to show a leverage of about 2½ to 1.

This brings up an interesting question for actuaries, Mr. Fee observed—what reinsurance rates should be changed today for a product the cost of which will not be known until five years hence?

There is no uniform answer to what rates are charged for reinsurance, but generally they are a percentage of the actual premium charged by the primary companies for the excess limits they write. Sometimes the primary insurers object to the work required in coding excess premiums by limits and computing reinsurance premiums as a percentage of the excess. Mr. Fee suggested that a flat rate times the total premiums written could be established to develop the same reinsurance premium the reinsurer should get at 70% of the excess, for example. Due to the high limits being written by all companies today as a result of increased requirements under financial responsibility laws and wrongful death statutes, flat rates must be checked and adjusted frequently because they give the reinsurer a decreasing percentage of the excess premium every day they remain in force. Five years ago the wrongful death statute in Illinois provided a maximum recovery of \$15,000, but Mr. Fee pointed out it is now \$25,000. The financial responsibility limits have gone up from 5/10 to 10/20, and this can have interesting effects on the reinsurer's premium when it is based on a flat rate.

If the primary company has a total auto BI premium income of \$2 million its premium for excess of 5/10 auto BI might be in the neighborhood of \$200,000, of which the reinsurer at 70% of the excess would get \$140,000 in premium. If, to avoid detail reporting by the primary company, a flat rate of 7% is established and this is applied to the total auto BI premium, the reinsurer will still get its \$140,000. However, if there is no change in the 5/10 premiums but because of increases in limits written the premium income excess of 5/10 doubles, the primary company will have a total premium income on BI of \$2,200,000, of which \$400,000 will be its premium excess of 5/10, but the reinsurer at a 7% flat rate would get only \$154,000.

This means the primary insurer's excess premiums would increase 100%, but the reinsurer's premium would go up only 10%. Thus the reinsurer is \$126,000 short in the premium it should be receiving and is getting only 38.5% of the excess premium rather than 70%. The primary company, if it has 30% total underwriting expenses, is making a clear profit of 31.5% on its excess limits, or \$126,000. The reinsurer has \$154,000 rather than \$280,000 with which to pay all excess losses plus its own overhead.

Fire business is mostly reinsured on a pro rata basis, Mr. Fee remarked, and this is because in the fire business the type of construction, class of protection, value of building and maximum probable loss are known and the rates can be based on experience data. There is no way of estimating such things when writing high limit automobile coverages. The most responsible insured with a perfect driving record for

many years may produce the worst claim, either from his own negligence or as a result of loaning his car to someone. In addition to its pro rata treaty, a primary company may need catastrophe excess reinsurance to stop its net retained losses at a fixed amount when it has a concentration of risk.

Mr. Fee commented that disaster reinsurance is not confined to the fire business, but can be used and is used in life and A&S. Companies writing heavy concentrations of business in certain areas, group writers, and those insuring travel accident on groups, are in need of this form of reinsurance. Most life companies buy reinsurance on an individual risk if the face of the policy exceeds the maximum it wants to pay. The question arises, however, of how much the company would be willing to lose when several of its policyholders are killed in a single disaster, and Mr. Fee pointed out that such disasters are frequent. The new building that collapsed in Jackson, Mich., this month, killing 15 or more workmen, is an example. Mr. Fee said he has a notebook full of clippings on disasters which have occurred since May of 1955, and one of them got very little attention, the explosion of seven army trucks loaded with TNT and fuel near the center of Cali, Columbia. This explosion, which had the force of only 1/1000 of an atom bomb, leveled eight business blocks, killed at least 1,100 persons, injured 1,230 and left 5,000 people homeless. Such an accident could occur in this country just as well as Columbia, he said.

American Surety on Ariz. Bond

American Surety originated the bond on a \$2,452,340 contract awarded to Mountain States Construction Co. of Denver for construction of a tunnel to divert Colorado river waters during the building of Glen Canyon dam in Arizona. The contract was awarded by the Interior Department.

N. C. To Hear New Filings Nov. 20

Commissioner Gold of North Carolina has scheduled a hearing Nov. 20 on filings by National Bureau of Casualty Underwriters and Mutual Insurance Rating Bureau proposing

manual revisions on general liability and burglary insurance and a filing by the former proposing rate revisions for owners, landlords and tenants liability and manufacturers and contractors property damage liability.

New W. Va. Commissioner Addresses Insurance Club

Louis J. Miller, new West Virginia commissioner, addressed the annual meeting of Southeast West Virginia Insurance Club in Beckley on revisions in the state insurance code.

He had been appointed commissioner about a month ago following the resignation of Thomas J. Gillooly. Mr. Miller has been deputy commissioner.

Minn. Disallows Part of IM Filing

Minnesota department has advised Inland Marine Insurance Bureau that it has not approved section D of the

equipment dealers filing pertaining to tenants' improvements and betterments. The remainder of the filing is applicable in the state.

N. Y. Managers To Hear Talk on Atomic Hazards

William J. Satterfield Jr., chief of the insurance division of Atomic Energy Commission, will speak on atomic hazards at the Oct. 25 meeting of New York chapter of American Society of Insurance Management, at Hotel Statler, New York.

Mr. Satterfield served as chief of the insurance section with the Manhattan engineer district as a civilian and as a member of the army. He was liaison officer for contract insurance branch of the army in Chicago. Before that he was associated with Maryland Casualty in both field and home office duties.

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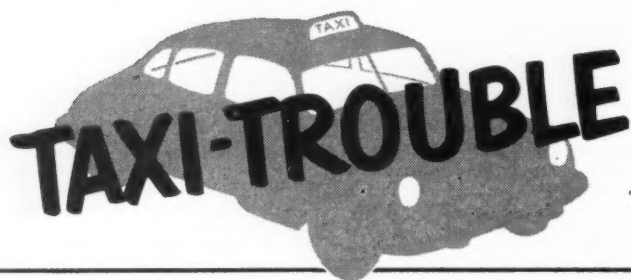
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Phoenix of London Promotes J. F. Joyce

Phoenix of London group has advanced James F. Joyce to superintendent of the fidelity and surety department at the head office to succeed A. G. Stanten, who has retired.

Mr. Joyce was superintendent of the group's bonding department at the metropolitan office before being named assistant superintendent of the fidelity and surety department last year.

Wentz Approves Fire, EC Rate Changes in Texas

Commissioner Wentz of the Texas board of commissioners has ordered reductions in extended coverage rates for all classes of risks in the sea coast territory and for dwellings in the inland area, effective Nov. 1.

Concurrently Mr. Wentz announced changes in fire rates on 30 different classes to which experience credits or penalties apply, with most of the changes being minor refinements. The net effect of the changes, it is believed, will lead to only a slight increase in total premiums, though some observers question that conclusion.

In the EC field all of the announced rate changes were reductions. For example, the rate for brick and similar dwellings in the inland territory was reduced from 23 to 21 cents and in the seacoast area from 26 to 25 cents, and likewise the rate for frame dwellings was cut from 27 to 25 cents, inland, and from 40 to 35 cents, seacoast. The contents rates are half of those on the dwellings, with insured uniformly getting the break for the half-cent.

As expected, the EC rates were reduced across the board in the seacoast area. As an example the rate on brick buildings was cut from 32 to 29 cents and on frame buildings from 46 to 41 cents.

Tele-Trip Co. has moved its headquarters from New York City to the Cafritz building, 1625 I street, N. W., Washington, D. C.

Adjuster Recommends "Pros" Do Adjusting

A subscriber, an independent adjuster at Oklahoma City, writes:

More than a year ago many companies decided to allow agents to adjust losses up to \$100 and in some instances to a larger amount. This has the effect of insured adjusting his own loss. We believe a study of the adjusting policies of various companies, in relation to the loss of earnings, would be most informative. Such a study should show the percentage of claims adjusted by agents, percentage adjusted by company adjusters, percentage adjusted by company-owned facilities and percentage adjusted by independent adjusters.

We believe this study would reveal that companies showing the largest percentage of loss in underwriting profits would also show the largest percentage of claims adjusted by agents. We believe as the loss ratio goes down, the percentage of claims handled by independent adjusters will rise.

The adjuster sees and hears many things of value to management, which he is not in a position to pass on. We predicted more than a year ago the large underwriting losses which are now becoming apparent. The adjuster knows agents, insured and human nature. He also knows that the results of his efforts in adjusting the smaller losses seldom appear to the company, which seems only to look at the amount of his service invoice.

The industry's only real merchandise is money. We can not visualize a bank allowing customers to meet their banking requirements on a self-service basis. In effect the adjuster handles money and any injudicious handling on his part is immediately reflected in the balance sheet. Is it any more practical to expect insured to self-service his own loss than for a bank to provide a self-service for check cashing.

Proper adjusting of any loss requires time, precious to the agent. Therefore we have self-service adjusting by insured. Few of us are mindful of expense when it is not our own. There is no price control on the small contractor. The large reputable contractors are seldom interested in small losses so they 'umph' the price. The unguarded handling of money has never been known to create a profit, but conscientious qualified adjusters can plug the leaks.

The current hard-money policy of our federal government further suggests more guarded expenditures for all including the insurance business.

Big Florida Bond

R. E. Clarson Inc., of St. Petersburg and Ewell Engineering & Contracting of Lakeland, as joint venturers, have been awarded a contract in the amount of \$8,853,491 covering buildings and facilities at the missile test center, Patrick air force base in Florida. Ohio Casualty is the originating co-surety on the bond with six other companies. The bond was written through Oliver J. Bailey of Orlando, a bond specialist. The Patrick air force base bond is the largest contract ever negotiated by the district office of engineers in Jacksonville for the territory.

Insurance Society of New York will start four new sections of its commercial multiple peril policies course during the week of Oct. 29. The course will last for 15 weeks, and the sections will meet on Monday through Thursday evenings.

All Around Town

You'll find TENANT prospects all around town in apartment houses and rented dwellings. Needed coverages for personal property and personal liability are now available in "package" form. Visit these neighbors and tell them all about it. TELLING them could mean SELLING them!



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(CONTINUED FROM PAGE 5)

ditions, may reasonably expect satisfactory results.

An involved algebraic approach to solving the evaluation problems of increased value of stocks held by insurers was offered by Frank F. Burke, assistant actuary of the Texas insurance department. He suggested, however, that there is possibly an easier solution, which would be to allow companies to establish the full market value of the stocks, assuming insurance department approval, but to require them to set up as a liability the amount in excess. The excess, he explained, would be determined on the basis of the unadjusted year end capital and surplus, if that were standard.

The actuarial soundness of the social security act as amended was explained by Robert J. Myers, chief actuary of the social security administration. He said the concept of actuarial soundness as it applies to the OASDI (old age, survivors, and disability insurance system as it is now known) differs considerably from this concept as applicable to private insurance although there are in his opinion certain points of similarity—especially in regard to private pension plans.

"The most important difference is due to the fact that a social insurance system can be assumed to be perpetual in nature, with a continuous flow of new entrants (as a result of its compulsory nature). Accordingly, it may be said that the OASDI program is actuarially sound if it is in actuarial balance by reason of the fact that future income from contributions and interest earnings on the accumulated trust fund will, over the long run, support the disbursements for benefits and administrative expenses. Quite obviously, future experience may be expected to vary from the actuarial cost estimates made now, but the intent that the system be self-supporting (or actuarially sound) can be expressed in law by utilizing a contribution schedule that, according to an intermediate cost estimate, results in the system being in balance, or quite close thereto."

E. J. Faulkner, president of Woodman Accident & Life, in his banquet address called for repeal of the 1956 amendments to the social security act and a careful analysis of the entire social security system by a group that has nothing to do with the program's administration.

Robert R. Neal, general manager of Health Insurance Assn. of America, outlined the functions of the association and expressed confidence that its major objectives in promoting health and welfare would be attained.

Drs. Frank G. Dickinson and Leonard W. Martin of the American Medical Assn. presented a paper on their recent study of physician mortality.

Samuel A. Block, chief statistician of Railroad Retirement Board, presented a paper on the growth and actuarial aspects of the system showing how it has evolved from many privately operated funds into one federal governmental plan.

Richard A. Bosshart, actuary with Edwin Shields Hewitt & Associates of Libertyville, Ill., outlined a supplemental unemployment benefit plan through the use of a cost analysis. He emphasized that only through the approach of a cost analysis could such a plan be successfully executed. The

subject was also discussed by Murray W. Latimer, industrial relations consultant of Washington, D.C., and technical adviser to the United States Steel Worker's Union of America, who presented a mathematical analysis of his six year study of the unemployment experience of 800,000 steel workers.

William T. Fee of Chicago, vice-president of Employers Reinsurance, discussed the technical aspects and procedures of casualty and fire insurance.

Harry Sarason, consulting actuary of Los Angeles, presented a detailed outline of life insurance auditing procedures. In the discussion following, the respective spheres of responsibility shared by actuaries and accountants were explored.

Joseph Musher and Murray W. Latimer, industrial relations consultants, presented a paper of the actuarial impact of long-term wage trends on salary scales for industrial type plans which analyzed the effect of the changing wage levels resulting from collective bargaining on long-term pension costs.

A forum on the problems of smaller companies was moderated by H. A. Winters, vice-president of National Old Line Life of Little Rock. It included the discussion of agency problems, maintenance of surplus investments and A&S insurance. Panelists were Oscar H. Jekel, vice-president of Reliable Life of Missouri; Raymond Strong, consulting actuary of Dallas; Earle E. Bailey, Great American Reserve of Dallas, and Malcolm Holzer of Business Men's Assurance.

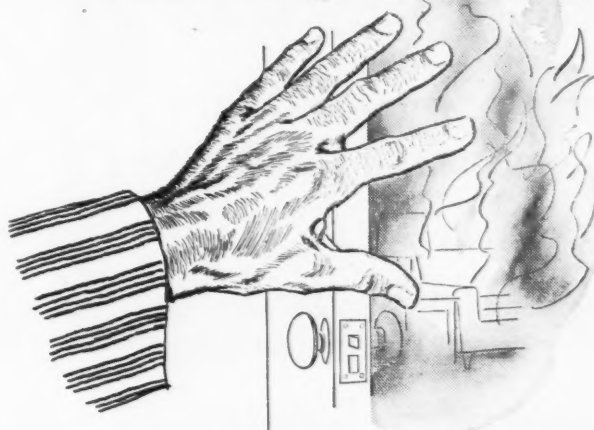
Mortality of lives totally disabled as the result of silicosis was discussed by E. I. Evans of Columbus, O., and by Clyde L. Ferguson of Charleston, W. Va.

Papers on pensions were presented by Gabriel M. Hellman of Pension Planning Co. of New York and by Myrna Knopf of Morss, Seal & Bret of New York.

Insurance Women of San Antonio elected the following delegates to the annual convention of Federation of Insurance Women of Texas which will be held at Odessa next month: Jewell Conner, Helen Balke, Jo Ann Robertson and Lonic Wosng.

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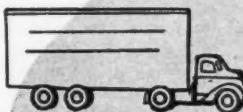
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Statutory, Loaned Employee Problems

(CONTINUED FROM PAGE 9)

held that the work of excavation, including the removal of the dirt, was a part or process of the trade or business, both of the construction company and of the excavating company.

A far different situation arises, Mr. Jackson went on, when the alleged principal employer is not primarily engaged in construction work. In such

cases it is generally held that the employees of independent contractors or subcontractors who are injured while engaged in that work for the principal employer are not entitled to compensation from him, because their work is not a part of the usual trade or business of that employer.

In *Sears, Roebuck & Co. vs Wallace*,

the U. S. fourth appeals court had before it the interpretation of the WC act of Virginia in an action for damages brought by one who was an employer of a subcontractor, who had undertaken to make certain alterations to the warehouse building owned by Sears. He sustained injuries when he attempted to close the doors of an elevator in the warehouse building, and sued Sears for damages, claiming a defective condition of the door. The defendant pleaded statutory employment as a defense to the common law action. In rejecting that contention, the court stated: The defendant was in the business of selling merchandise and needed a storage warehouse to facilitate that activity; but it was not in the construction business. However, the court went on, letting work by an owner to an independent contractor does not necessarily relieve the owner from the obligations imposed by the Virginia statute. The nature of the work itself is the decisive factor.

"On the other hand," the court said in *King vs Palmer*, Connecticut, "where the work in which the employee is engaged does not directly enter into the performance of the commercial function of the claim to principal employer but only affords facilities for the conduct of his trade or business, we have held that the work is not a process in that trade or business."

On the other hand, Mr. Jackson, stated, there are cases arising under similar statutes which make the principal employer liable for accidents occurring during construction or alteration of buildings, even though the principal trade or business of that employer is not construction. In *Lessley vs Kansas Power & Light Co.*, Kansas supreme court denied the injured employee the right to maintain a common law action against the defendant for injuries arising out of an explosion which occurred in a building being constructed for the defendant by independent contractors, as an addition to its existing plant, to increase electrical capacity. The Kansas court, after acknowledging that the "acid test" to be applied in such cases is whether the work contracted to be done is a part of the employer's trade or business, concluded that the construction of this addition was a part of that business because "steam boilers, turbines, generators and other equipment, as well as a building in which to house them, are part of the integral equipment necessary to the operation of the business of a public utility which is engaged in the production, transmission and sale of electricity."

Where an extensive business normally handles its own construction work and lets an independent contract for its construction projects, the independent contractor and his employees are generally held to be within the statutory employment act.

In *Atlas Powder Co. vs Hanson*, the workman was injured while working as a steam fitter at the Atlas plant. The only question on appeal was whether the defendant was the statutory employer, so as to make WC the employee's exclusive remedy. Atlas entered into a contract with Hanson's employer to furnish additional laborers with tools in connection with expansion undertakings. Hanson was working under this contract when a scaffold on which he was standing fell, resulting in injuries. In holding that the injured employee was limited to WC and was a statutory employee of Atlas, the court said the work of pipe

fitting, which the defendant was having done by contract, was an operation of the usual business of Atlas. It reasoned that acids, continuously carried in pipes used by the defendant in its business, were destructive to the materials of which the pipes were composed and that installation, alteration, maintenance and pipe fitting were constantly carried on by its regular employees, who were members of the same craft as the plaintiff, so that pipe fitting work was an essential part of the plant operation.

As an interesting sidelight, Mr. Jackson said, plaintiff contended that the work he was doing was an improvement being "erected, demolished, altered or repaired on the premises" so that it would not fall within the statutory employment provision of the Missouri act. However, the court rejected this contention, pointing out that this exception was intended to apply to a situation where a property owner procures an independent contractor to build him a house or a similar improvement, to tear one down, or to make alterations or repairs upon one, whereas in this case there was no improvement but merely the extension of existing facilities to increase volume of production.

In contrast to this holding, the courts in Pennsylvania, in *Allen vs Babcock & Wilcox Tube Co.*, held that the Allen, who was employed by a contractor hired by Babcock & Wilcox to excavate for certain cooling pits to be used in manufacturing steel and steel products was not a statutory employee. He was injured while excavating for the purpose of building a plant facility which would expand the capacity for the defendant for the production of steel and steel products. The court pointed out that the business of the defendant was to make steel products and that building a plant facility was not part of that regular business. Cases where the courts have ruled

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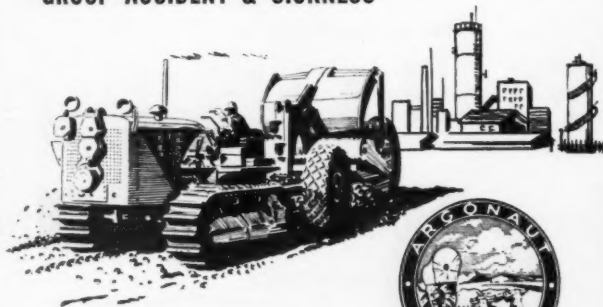
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that construction work is an integral part of the statutory employer's business, even though not the principal part of the business, further refine the question of construction work, Mr. Jackson stated.

In *Purkable vs Greenland Oil Co.*, Kansas, the court held that the work of erecting an oil derrick was a part of the over-all business of oil production so that where an employee of a contractor erecting the derrick was injured, he was held to be a statutory employee of the oil production company for whom the derrick was being built. However, in *Leman vs Grace Oil Co.*, Kansas, a house mover was employed by an oil company to move a house onto an oil lease to be used as a home for a pumper. It was held that an employee of the house mover was not entitled to WC from the oil company. The court stated that moving houses was not a part of the trade or business of the oil company in operation of the lease.

The general principles applicable in the construction of business buildings are equally applicable in the case of houses, Mr. Jackson continued. It is generally held that, unless a person is engaged in house building, or in house repairing, if he hires an independent contractor or subcontractor to do such building or repair, he should not be considered the statutory employer of such contractor or his employees.

In *Clementine vs Ritchie*, Louisiana, the court held that one whose business consists of building and selling houses is a principal within the meaning of the statute, and is liable for WC to any employee, whether hired by him or not.

On the other hand, where an individual not normally engaged in house building hires a contractor to do so, he cannot be held liable as a statutory employer, Mr. Jackson said.

In *Allen vs Jackson County Saving & Loan Assn.*, Missouri, a savings and loan association owned two houses and rented them, the rental being merely incidental to its main business. It was held not liable for WC to an employee of an independent contractor which the association had hired to install a water main to the property.

Many cases dealing with repairs to property make a distinction between repairs of a major or specialized type, with his own employees. They are generally held to be outside the regular business, with no resulting statutory employment.

Cases involving delivery generally are decided by determining whether or not a delivery is a part of the usual operation of the principal's business

or is an unusual operation in the particular business involved, Mr. Jackson said. Little or no question has been raised in connection with delivering such things as coal for coal companies, groceries for grocery stores, or logs or lumber to a lumber mill.

But there are a number of cases in which work of delivery has been held not to be a part of process of the usual business operations of the principal.

In *Caton vs Winslow Bros. & S. Co.*, Massachusetts, Winslow attempted to defeat the plaintiff's common law action by claiming that the transportation of bales of wool to the defendant's place of business, which processed wool for a manufacturer, was a part of that business. The court rejected this contention, pointing out that there was no evidence that it was a customary practice for the defendant to transport wool by long distance to its warehouse and that there was no similarity between the long distance transportation of wool and the processing for manufacture.

In many cases involving maintenance work, the courts have examined the exact work being done by the independent contractor's employee, Mr. Jackson said. If it is determined that this is work, which, by its very nature, is hazardous and unusual, calling for special skills, abilities, experience, tools and appliances, statutory employment is usually held not to exist.

In many jurisdictions it is not sufficient that the work being done is a "part or process" of the principal's usual business. As a statutory employer qualification in those states, the work must be performed on or about premises owned or controlled by the principal.

In *DeLee vs T. J. Pardy Construction Co.*, a New York court held that while the general contractor stands as an employer in respect to one hired by the subcontractor, if the general contractor has not secured payment of WC to such employee, he remains liable for common law action as a third party, where the subcontractor himself has secured the payment of WC to the employee.

It usually has been held, Mr. Jackson said, that where the positions are reversed and where an employee of the general contractor sues the subcontractor for negligence of that subcontractor, the subcontractor is a third party who is amenable to suit at common law.

In at least three states, Mr. Jackson said, there is a complete protection to anyone who falls within the purview of the WC act. In Alabama, a third

(CONTINUED ON PAGE 37)



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Bus Companies Cool Toward Use of Speed Recorders in New York

Although one New York bus company reported that speed recorders helped decrease its accident rate by 50%, other lines in the state remain cool toward their use, a survey by New York state service commission has disclosed.

Blue Bus Lines, operating through Rochester and Batavia, told the commissioner that it recently completed 75 consecutive days of operation without an accident and credited the speed recorders with playing a major role in the new record.

However, most of the more than 200 firms replying to the commission's survey said they didn't find the speed recorders of much value in curbing excessive speeds. They said the recorders were useful in telling how much time drivers were taking on coffee breaks and how much time was lost on railroad crossings and other delays.

The speed recorders, technically known as Tackograph's, are required equipment by Interstate Commerce Commission on buses that come into the state more than three times a year, however the New York state commission points out that this does not prevent large bus line operators, who have big fleets to draw from, to operate without the recorders.

Berry Apprehensive Over Small Texas Companies

Commissioner Berry of Colorado told members of the Denver Mile-Hi Optimist club he hopes Colorado does not experience an influx of "small" Texas-based insurance companies.

Mr. Berry said Texas laws were not at fault for a breakout of insurance scandals there last year. He said that during 1955 about 150 new companies were organized and "it's hard to keep your fingers in every pie."

"We are satisfied," he said, "that the Texas companies operating in our state are strong and sound."

Asked why some companies based in Colorado had failed, Mr. Berry said the blame could be laid, generally to bad management.

"We can examine a company on Monday morning and find they are capitalized entirely in government bonds. But on Wednesday they might sell the bonds and buy some uranium stock." He added that "when we spot poor management, we put that company under a close watch."

Manufacturers & Merchants and Fire Affiliate Change Names to Selective

Manufacturers & Merchants Indemnity of Cincinnati has changed its name to Selective Ins. Co. At the same time, Selective, a wholly-owned fire subsidiary of Manufacturers & Merchants, becomes Selective Fire.

Manufacturers & Merchants has made news recently by opening insurance counters in six St. Louis county stores of the Kroger Co., national grocery chain store. At least one such counter has also been established for Selective, now Selective Fire.

Kroger Co. executives and the company own half of the 60,000 common shares of Manufacturers & Merchants and all of the preferred stock.

Georgia 1752 Club Elects Franklin

Georgia 1752 Club has elected M. H. M. Franklin of Pennsylvania Lumbermens Mutual president, W. M. Rodgers of Utica Mutual vice-president, Marion Lagerquist of Lagerquist & Co. of Albany, Ga., secretary, and E. A. Ullrich of Utica Mutual, Walker Langston of Shelby Mutual and Jay Doolittle of John Ratterree & Co. of Atlanta executive committee-men.

The club plans to hold quarterly educational workshops and forums for agents and company men throughout the 1956-57 year.

Cal. Local Boards Elect

New officers elected by local associations in California include:

Bakersfield—President, Ray Redfern; secretary, Charles R. Ross.

Santa Monica—President, T. B. Fach; vice-president, Albert D. Stanley; secretary-treasurer, R. L. McLean. Shasta County—President, Charles E. Hall, Redding; vice-president, A. St. John, Fall River Mills; secretary, W. C. Hillard, Burney.

Siskiyou County—President, James A. Scott, Mount Shasta; vice-president, William T. Young, Aetna; secretary-treasurer, Floyd M. Barnum, Weed.

Carlisle (Pa.) Assn. of Insurance Agents was the winner of the membership award at the annual meeting of Pennsylvania Assn. of Insurance Agents. All 22 members of the local organization are active members of the state unit.

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relied upon to check the operation of the FTC act has likewise been relied upon to afford immunity from application of the important anti-trust and anti-monopoly acts, specifically, the Sherman and Clayton acts. If the FTC act is fully operable even though the activities it covers are regulated by state law, then so are the anti-trust and anti-monopoly acts operable even though state rating laws effectively accomplish the desired ends.

"I guess nobody will quarrel with Tom Pansing's analysis. He merely drives home what the Gwynne-Mason dissents had already adumbrated.

"But if the court upholds the American Hospital order, Tom's forecast will be wrong in one respect. He says there will be dark days like the period between the Southeastern Underwriters decision and public law 15. Tom is wrong there. The Federal Trade Commission will be in a position to light up the insurance world with the finest array of cease and desist orders you have ever seen.

"Back when the Southeastern decision came out, nobody knew what the law was, and if they had known, the Federal Trade Commission was entirely unprepared to take over federal control of insurance at that time. Since then, however, the commission's trade practice conferences division has developed a technique and know-how for handling insurance advertising.

"In the whole history of the commission, no phase of industry has had such a thorough going over as insurance advertising. Top brains of the commission were drafted to assist in the promulgation of both the mail order and the agency insurance rules. They worked on rules for the mail order industry from 1948 to 1950, and also on the entire health and accident industry in 1956. Believe me, I ought to know because I presided over both conferences and picked my own staff.

"If the quality of the rules does not impress you, I would suggest it might be laid to the necessity of trying to accommodate the rules to several unintelligible orders heretofore entered in litigated cases.

"So you can see, since the South-

eastern case the commission is no babe in the woods.

"But this is not all.

"When the commission rejected the proffered cooperative efforts of the industry and turned to individual prosecutions instead, the ensuing litigation developed a cadre of competent government lawyers in the trial division. This division is now in full bloom and ready at the first favorable judicial decision to move into other fields of insurance. The array of legal talent in both of these divisions is backed up by investigators, accountants and statisticians.

"They are not as yet thoroughly trained in valuing assets, fixing reserves on outstanding claims and establishing reserves for such liability items as unearned premiums and unpaid taxes, commissions and bills and expenses due and accrued. But with their time and your patience, they will soon find out more about your business than you ever knew.

"It's not a very pretty picture, is it? But maybe you and I are blind to its virtues. After all, you gentlemen represent the insurance industry and as for myself, a decade of searching out every taint of tyranny may have clouded my vision of the brave new world the federalists offer.

Asking the audience to imagine that 20 years have elapsed, Mr. Mason sketched a pretty horrendous picture of things to come: states no longer separate entities but now converted into federal "departments"; hence no more state insurance commissioners at all; federalists in full control of the types of assets insurers are permitted to hold. ("Supervision of \$80 billion of insurance assets was too big a plum for the federalists to ignore.")

AIU Football Book Out

American International Underwriters has distributed 1956 football schedules to brokers and companies with an attached promotional letter. The schedules include a complete listing of all college and professional games, a summary of the rules and final 1955 standings in college and professional conference competition.

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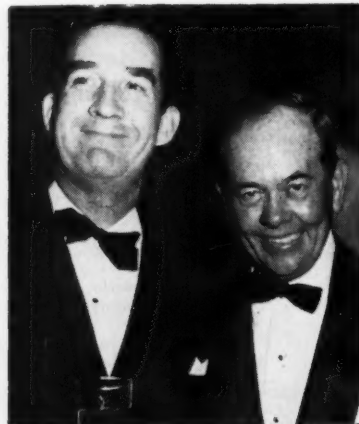


Relaxing during the golf tournament at the joint casualty meeting last week—H. A. White of Standard Accident; Sherman G. Drake of National Surety; C. F. Germain of Treaty Management Corp., and Scott Harris of Joseph Froggatt & Co.

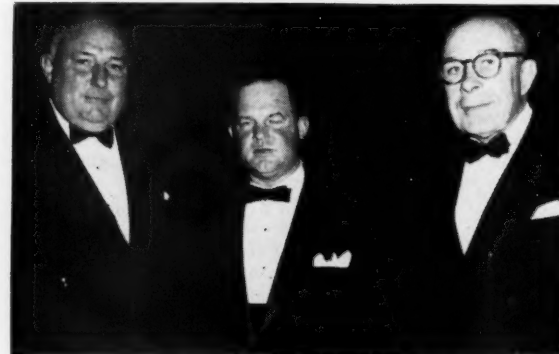
On hand at the joint meeting of casualty co. executives and agents at White Sulphur last week: R. T. Schaller of Continental Casualty, Paul Laymon of Standard Accident, George M. Suliburk of Cruickshank DeCou & Suliburk of Detroit, and Robert W. Harvey of Continental Casualty.



At the reception during the joint casualty meeting in White Sulphur—E. B. Gill of Glens Falls and John R. Robinson of Phoenix of London.



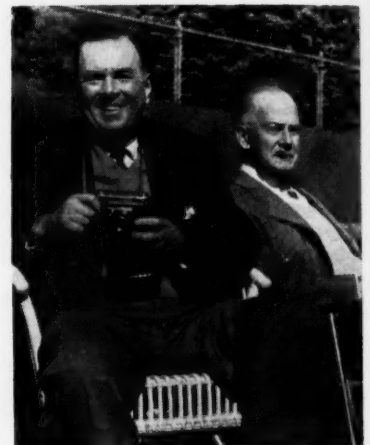
The golf champion of the casualty business, T. W. Earls of the Earls-Blain Co., Cincinnati, at the White Sulphur meeting with E. L. Castleton of Maryland Casualty.



E. P. Simon of Critchell-Miller of Chicago; Ben T. Harrison of Home Indemnity, and R. H. Monds of Home at the casualty meeting in White Sulphur Springs.



Two of the horseshoe-pitching devotees at the joint casualty meeting in White Sulphur—Frank R. MacGibeny of MacGibeny-Grupe of Chicago, and Harry O. Eckert, vice-president of American Casualty.



Howard S. Omsberg, manager of National Automobile Underwriters Assn. and a prolific picture-snapper at the casualty convention at White Sulphur, with Harry Richardson, retired general manager of National Council on Compensation Insurance.

W. E. McKell of American Surety, retiring president of National Assn. of Casualty & Surety Executives, at the joint meeting with the Agents association at White Sulphur, with Mrs. Leslie and W. B. Leslie of National Bureau of Casualty Underwriters.



Attending the reception at the casualty meeting in White Sulphur: Fred Ballou of Phoenix of New York; Mrs. Ballou; Mrs. L. W. Zonsius whose husband is with Conklin, Price & Webb, Chicago, and John Robinson of Phoenix of New York.



Harry Eckert, American Casualty; Mrs. Davis and Shelby C. Davis of Shelby Cullom Davis & Co. of New York, and William Leslie Jr., manager of National Council on Compensation Insurance, at the reception during the joint casualty meeting.

Statutory, Loaned Employee Problems

(CONTINUED FROM PAGE 33)

party, not under the WC act, is liable as a third party, while anyone who is a third party but under the WC act is liable only for the amount of WC payable. In Illinois the Alabama distinction is applied to actions brought by subrogated employers. There the injured employee has no cause of action against a third party who is bound by the terms of the act. Some very complicated questions have arisen under the Illinois act.

In Washington, neither the employee nor the employer may sue the employee or employer who is, himself, subject to the WC act.

If an employee agrees to work for a special employer and performs the special employer's work under the latter's control, the special employer is liable for workmen's compensation by application of the loaned employee doctrine, Mr. Couch said.

The principal distinction between the loaned employee doctrine at common law and the doctrine as applied to WC is that in the latter instance the individual rights of the employee are paramount. In the application of state WC acts there is a tendency to permit an injured employee to recover WC in any case in which the desired results may be obtained without working an injustice to other interested parties. The employee is not a chattel and cannot be shuttled between employers without his consent, since he might relinquish a third party action at common law against the special employer. There must be a contract of employment, either express or implied.

Difficulties in determining whether there is a contract of employment between the special employer and the employee arise where the contract is implied, Mr. Couch said. Consent to a new contract has been implied in many jurisdictions where there has been no statute prohibiting application of the loaned employee doctrine and even in those states that hold either or both employees liable for compensation. Consent may be implied, Mr. Couch said, by the actions of the employee if he submits to the control and supervision of the special employer. However in some legal jurisdictions, where the employee files a third party action against the special employer, courts seldom find a contract

of hire unless the employee expressly agreed to the arrangement. It has also been held that where an employee enters special work for a special employer under directions of his general employer, no new employment relation is created.

In determining liability, courts more or less agree that a special employer will be liable for compensation if he derives the primary benefit from the work.

The controlling test to determine responsibility for a loaned employee is ascertaining who had the control, the right to direct where he was to work and how he was to work, Mr. Couch stated. Although the required degree of right of control may vary between jurisdictions, the right to control the end result and also the details of the work and the manner in which they are performed, is singularly the most important element in resolving whether the loaned employee doctrine may be implied. Many stumbling blocks have cropped up in cases where the general employer loans out equipment and employees to operate it. Most of the courts have held the employee to be still under the control of the general employer where the special employer generally lacks the right to hire or fire and to determine how the work shall be done. There they find the general employer liable for compensation.

Pointing to variations in the loaned employee doctrine, Mr. Couch observed that one who is not otherwise subject to the compensation act does not merely, by borrowing an employee from another employer subject to the act, become liable to pay compensation for the injuries sustained by the borrowed employee.

He also noted that in some jurisdictions the payment of WC by the general employer would toll the running of the statute of limitations so as not to bar a subsequent claim against the special employer where the loaned employee doctrine was applied, even though the special employer failed to receive notice of the claim or the payments by the general employer.

St. Paul F.&M. companies have filed a new insurance agents' and brokers errors and omissions policy in West Virginia along with a 15% reduction in the basic rate.



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Ohio Holds Cleveland Convention

Public Opinion, Legislation Needed to Bar License to Kill, Ohio Agents Told

CLEVELAND—Aroused public opinion and enactment of state legislation must be used to deprive "highway murderers" of their "license to kill" which has created an epidemic of death and injury similar to mass-killing diseases, John R. Crunelle, chief of safety responsibility for Ohio department of highway safety, told Ohio Assn. of Insurance Agents here. At the same time, he praised the Ohio safety responsibility law and decried plans for compulsory automobile insurance and unsatisfied judgment legislation.

"It is obvious that government has failed in the realm of highway safety," Mr. Crunelle said. "Whenever any government permits the lives, health, and property of its citizens to be in jeopardy, then it becomes the duty of that government to exercise its powers for the protection and promotion of the general welfare of the citizens."

"What we need," he said, "is an aroused public taking action, demanding action, forcing action on police, prosecutors, courts, the legislature and upon themselves."

He said highway safety depends on engineering construction and maintenance of the highways themselves, drivers and their vehicles, laws and enforcement and public opinion. The federal highway construction bill which Congress passed will result in the biggest public works and engineering projects in history, but Mr. Crunelle suggested that some "engineering" be done on the minds, muscles, vision and attitudes of the people who will drive on the roads.

He attributed four out of five accidents to human failure. Although motor vehicles are being equipped with safety features to alleviate the seriousness of accidents, it is "brain power and not horse power" that is going to produce fewer accidents.

Driver education is one of the most necessary and realistic courses that can be offered by high schools, yet 50% of the nation's high schools do not have such courses, and of those that do, half are sub-standard. There is also a need for adult driver training schools. He said that Ohio must reteach every driver so that he knows all the traffic regulations. Legislation should be enacted requiring the periodic inspection of vehicles. This could be conducted either by private garages under supervision of the state or by state employees.

One of the greatest problems throughout the country, Mr. Crunelle said, is the lack of uniformity of traffic laws. Motorists traveling from city to city or state to state are confronted with a wide variety of rules, signs and signals which defy human understanding. He cited a resolution to this effect at the 48th annual Governor's Conference calling for "a nationwide program so that motor vehicle deaths will be reduced and violation will mean the same thing in every state."

In order to make uniform traffic laws work, effective enforcement is needed. He said great strides in reducing the number of accidents have been made when public officials heeded the demands of the public and made sure all vehicles were operated according to the law.

Lack of manpower is one problem which crops up in enforcement. When the Ohio general assembly state highway patrol officers on a 40-hour week, it was necessary to spread out patrols, and this permitted only one patrolman for every 56 miles of highway. Mr. Crunelle said he believed the additional cost of extra manpower would be negligible compared to the costs of motor vehicle accidents which amounted to \$253 million in Ohio in 1955. To get the additional funds, he favored in-

(CONTINUED ON PAGE 41)

Johnson, Hemphill To Top Ohio Posts

CLEVELAND—Fred H. Johnson of Columbus moved into the presidency of Ohio Assn. of Insurance Agents at the annual convention here, succeeding Hugh K. Dawson of Cleveland. John W. Hemphill of Painesville, a trustee, and chairman of the educational committee the past year, was elected vice-president.

Three trustees, Kenneth Harger of Bowling Green, John Glandon of Co-



F. H. Johnson



Hugh K. Dawson

lumbus, and Louis A. Hellming of Cincinnati, are in their thirties, and two of them, Mr. Glandon and Mr. Harger, are CPCUs. Mr. Hellming is a reelection, the others are new on the board. Robert Wilson of Niles, who has served 25 years as secretary of the Trumbull County association, also was named a trustee.

Paul R. Gingher of Columbus, general counsel, and Theodore M. Gray Sr., executive secretary, and his staff were renamed.

Mr. Johnson is an executive in the Rankin & Johnson agency at Columbus, and in the Rankin & Rankin agency of Zanesville and Newark.

Mr. Hemphill, a second generation agent, is retiring president of the Painesville Chamber of Commerce and Rotary Club.

Mr. Harger, a second generation agent, is past president of the sixth district. Mr. Glandon is with the I. B. Lentz agency and Mr. Hellming is with A. W. Shell & Co. agency.

Resolutions Oppose Direct Billing, Stress Auto Safety

Attendance Reaches 700 in One of Group's Most Successful Affairs

By KENNETH O. FORCE

CLEVELAND—Ohio Assn. of Insurance agents at its annual convention here reiterated its opposition to direct billing and urged full law enforcement to improve safety on the state's highways. Almost 700 attended the gathering, which was a well rounded presentation of entertainment and education. The weather was excellent.

In the resolution on direct billing the association expressed serious concern over the direct billing practices of some agency companies and termed them a challenge to the preservation of agent ownership of expirations. The association urged companies and agents fully to consider the implications of the trend and its possible effect on expirations.

The association urged full implementation of law enforcement agencies and development of an aroused public demand for consistent enforcement of highway safety. The public has a growing interest in removing all irresponsible and accident prone drivers from the roads.

The association also urged the assembly and governor to open workmen's compensation to private enterprise insurance services.

It commended the casualty liaison committee for its progress in improvement of forms, coverages and procedures and praised the property liaison committee for the work it has accomplished with Ohio Inspection & Audit

(CONTINUED ON PAGE 40)

POLICIES DESIGNED TO COMPETE!

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Ohio Resolutions Oppose Direct Billing

(CONTINUED FROM PAGE 39)

Bureau. It also commended the institutes at Ohio universities and Ohio Fire Underwriters Assn. and Assn. of Casualty & Surety Managers for their teaching contributions. It took recognition of the outstanding contribution to the business by Arthur M. O'Connell of Cincinnati, past president, particularly for his work as NAIA executive committeeman.

In his administration report, Hugh

K. Dawson of Cleveland, retiring president, said there has been some talk of the early demise of the agency system, but he does not believe it. Yet some agents may encourage such a trend by taking advantage of so-called deviations for a fast dollar.

Adoption of compulsory auto in New York is a serious matter, he said. It will require real cooperation to defeat it in Ohio. The uninsured motor-

ist endorsement would help if included in the basic contract and basic premium charge, but a separate premium might build up the demand for compulsory.

The convention opened with a luncheon Monday at which Fred H. Johnson of Columbus, incoming president, presided, and Paul R. Whitbeck of Cleveland, vice-president of Cleveland Board, welcomed agents. Mr. Whitbeck was general convention chairman. W. H. Annat, state director of commerce, brought greetings from the administration, and Kenneth Force, executive editor of THE NATIONAL UNDERWRITER told how entry of fire and casualty companies into life insurance is bring two systems of insurance distribution into comparison and contrast.

In a discussion of the new family automobile policy, J. F. Derrickson, manager of the C. I. Plan of Connecticut Indemnity, said it was brought about by competition, agency pressure, public relations and court decisions. He added that the new policy is a good job—its meaning appears clear, the language is shorter and its coverage is extremely broad.

As to future changes, Mr. Derrickson said the agents are on record for uninsured motorist protection and it seems likely that a UM insuring class can be looked forward to, perhaps on an optional basis as expenses for medical services are now. With the National Bureau having taken over automobile death and disability coverage earlier this month, it also would seem that this will be incorporated in the auto policy on a national basis.

In the question and answer period following the discussion of the family auto policy by Mr. Derrickson, at which W. H. Levering of Cleveland presided, an agent asked if a house trailer is covered. No, it is not eligible for family policy coverage, Mr. Derrickson said.

The possibility that insured can collect two medical payments stimulated considerable discussion. If insured is injured by another auto owner with MP, he can collect under his own MP and under the other insured's. Agents thought this improper, that it created the opportunity for insured to make a profit on his insurance, which is contrary to the indemnity principle. Mr. Derrickson compared this with the situation in which insured collects on an accident policy and also his whole loss

under the other insured's liability policy.

One agent's reply was that this situation differs from having two medical payment policies and one bill and a duplicate, which insured may not even have paid because of disability coverage—all in one file.

Is a caddy car on the golf course insured under the family policy? Mr. Derrickson said he was not sure, though it is covered by CPL.

Since policemen are covered under the policy while driving uninsured city passenger cars, how about volunteer firemen? No, he replied, not while driving a fire truck. He would be covered if driving the chief's car. Collision now is extended in the same way as the liability policy and a city with uninsured cars might call on the coverage if insured with a family policy who leased a car for two years covered for the rented car? Mr. Derrickson said the intent was not to cover but he knows of no exclusion in the policy.

Ohio agents take their education seriously. They have discovered that it increases their effectiveness, and they have under way a continuing, constantly broadening program that is getting real support among agents and agency personnel. The education panel Tuesday featured top performers in this activity. Ivan Steiner Jr. of Wooster presided and Douglas N. Avery of Ohio university acted as moderator. Participants were Edward O. Platell of Cleveland, assistant manager of American Surety; Ben M. Jacoby of Cleveland, special agent of Aetna Casualty; Helen Albaugh of the White, Wilson & Merritt agency of Cleveland; Phyllis Wilson of the S. B. Richard agency at Medina, Christiana Humphrey of Ashtabula, and Robert L. Cook of Martins Ferry.

The young agents luncheon Tuesday drew a good attendance. This is a traditional, informal affair limited to those under 35 and serves as a periodic scoring of the increasing number of young agent members of the association.

Mr. Dawson was presented a set of individually moulded golf clubs in appreciation for a fine administration.

The awards committee, of which Mr. Johnson is chairman, presented recognition plaques to the following agents, chiefly for their work as committee chairmen—Charles T. Collins of Springfield, education, A. J. Lenke, Cincinnati, property liaison; O.R. Whitbeck, convention; Robert E. Gorman of Paulding, rural and small lines; and Thomas W. Wagner of Steubenville, young agents.

Bradley Schaeffer, attorney and secretary of Dayton Fire & Casualty Underwriters, presided over the Monday afternoon session. Dr. John D. Long, associate professor of insurance at University of Indiana, discussed the very real problems in the continuation of an agency.

W. W. Steele Jr. of Canton presided during the presentation by John R. Crunelle of Columbus, chief of the safety financial responsibility division of Ohio motor vehicle bureau, on highway safety.

There was a theatre party Monday evening and the banquet Tuesday evening. A novel twist on the customer women's style show was arranged by Mrs. Paul Whitbeck when it was arranged to have agent wives do the modeling. They put on the fashion show at Halle's new Westgate store, preceded by a luncheon in the new shopping center, with corsages and special favors. The traditional past presidents dinner was held Sunday, preceded by a reception for wives.



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Legislation Needed to Bar License to Kill

(CONTINUED FROM PAGE 29)

creasing the registration fee for motor vehicles. Today the average cost of automobile registration is \$12, just slightly more than it was in 1925. "Don't you think that the average motorist would be willing to invest a few more dollars each year in real safety?" he asked his listeners.

Mr. Crunelle criticized the failure of the Ohio driver's licensing law to bar an accident-prone driver from the road, even though he was able to pass the examination given. "He is still privileged to drive just so long as he complies with the requirements of the financial responsibility law. Ohio permits these certain highway murderers—a 'license to kill,'" he said.

He recommended authority be granted to remove these incompetent drivers from the road and he proposed a point or demerit system whereby each driver involved in an accident and convicted of any moving violation be given a prescribed number of demerits. At intervals the individual would have to appear for a hearing to determine the cause of his driving difficulties. Upon piling up too many demerits, his driving privilege would be suspended.

Mr. Crunelle, did, however, favor the existing safety responsibility law. This act, by requiring each driver to show his financial capability to pay claims or judgments against him, was designed to keep financially irresponsible drivers off the highway. Failure to comply results in the suspension of the individual's vehicle registration and his operator's license.

"The Ohio security-type safety responsibility legislation is the best type legislation as opposed to so-called compulsory insurance legislation," he said. He admitted that although both are designed to shut out the financially irresponsible driver, the individual who can pay is not necessarily a safe driver. However, he contended the type of law Ohio has tends to make a thoughtless motorist realize his responsibility behind the wheel.

"We are frequently charged of forcing individuals in Ohio to purchase liability insurance and of being interested only in the interests of the insurance industry of Ohio. Yet it has also been our experience practically every day since we have been in business that we have heard from different individuals who have been involved in accidents in Ohio that the only fair way of operating would be to compel everyone who owns a motor vehicle to buy liability insurance," he added.

Some states, opposing the safety responsibility-type law as inadequate since it does not punish irresponsible motorists until after the accident occurs, have enacted unsatisfied judgment laws. "In my opinion, this type of legislation is not necessary inasmuch as the insurance industry has attempted to meet this problem by making available coverage which would pay for damages caused to an innocent victim injured by an uninsured motorist." Coverage is also available whereby a victim would be reimbursed without first getting a judgment against the uninsured motorist. "This type of coverage to me is a great step forward, particularly since it eliminates the requirement of obtaining judgment as required by the unsatisfied judgment-type of legislation."

"I want as little government in business as possible and . . . I am certain that it would not be long after so-called compulsory insurance legislation had been enacted until the next

step would be for government to get into the automobile insurance field," Mr. Crunelle warned. He said his reason for making the statement was that 10 to 11% of the people who get into accidents do not have insurance and that there are some very responsible persons in that group who can and do meet the financial requirements of the present law. There are also those, he said, who can't get the required coverage through the normal course of trade, but who can apply for such coverage through the assigned risk plan.

He said the advocates of compulsion had not "considered fully the inherent evils and obvious failures in Massachusetts, the only state at the present time with this type of legislation in effect." He cited Boston motorists paying \$100 for auto risk coverage which would cost \$31 for the same class in Cleveland. He added that accident litigation in Massachusetts is said to be 2½ times that of Ohio.

It should be pointed out, Mr. Crunelle said, that compulsory legislation leaves many problems unsolved. Such a law would not take care of the non-resident involved in an accident in Ohio, the victim of a hit-and-run accident, or the driver operating a vehicle without the owner's consent.

To strengthen security-type safety responsibility legislation, he recommended that the registrar of the bureau of motor vehicles attempt to enter into reciprocal agreements with other states having similar laws. In this way, the law could be enforced regardless of the residence of the driver. He also recommended better understanding on the part of courts in enforcing the law, since lack of this understanding could nullify good traffic laws and police work.

Many Headquarters With Hospitality

Agents at the convention of Ohio Assn. of Insurance Agents in Cleveland commented on the number of headquarters maintained by the companies for hospitality purposes, and seemed glad of the strong showing by the insurers in this department.

Midwestern Indemnity was represented by W. W. Schneebeck, president, and his son W. H., assistant secretary.

J. Gordon Gaines of J. Gordon Gaines, Inc., of Akron, John Spiegel, executive vice-president of the firm, and Edward Sout represented that organization.

Fidelity & Deposit maintained a popular coffee bar as well as headquarters.

Others with hospitality rooms included Aetna Casualty, Agricultural, American Auto, American Equitable, American States, American Surety, Appleton & Cox, Buckeye Union, Chubb & Son, Cincinnati, Continental Assurance, Employers, Excelsior, Fidelity & Deposit, General Accident.

Also Hartford Accident, Interstate General Agency, Home, London Assurance, London & Lancashire, MacGibeny-Grupe, Maryland Casualty, Massachusetts Bonding, Meserole, North British, Northern of England, Ohio Casualty, Ohio Farmers, Reliable, Republic Indemnity, Royal-Liverpool, Travelers, Trinity Universal, U.S.F.&G., Western Casualty, Wolverine and Yorkshire.

Acting as hosts for Cincinnati Ins. Co. were Harry M. Turner, president, Robert A. Cosbey, vice-president and

general manager, Robert C. Schiff, and State Agents Louis Erckert and Charlee Bent.

Ohio Farmers had a big home office contingent on hand to act as hosts at headquarters. They were J. C. Hiestand, newly-elected president; Charles Curtis, executive vice-president and general counsel; Secretaries J. R. Hamilton and J. C. Bishop, W. W. Waters, assistant secretary, and Assistant Managers James Wood of farm underwriting and Clarence Donze of fire underwriting. Also on hand were State Agents James Work and Gene

Heskett and Special Agent Eckley Chase.

In charge of headquarters for Ohio Casualty were Howard L. Sloneker Jr., president, John G. Sloneker, James I. Scott, Arthur S. Thompson, and Lucius Hirschbert, vice-presidents, James R. Markham, vice-president and secretary, Dudley Page, Cleveland manager, and Ferris Myers, Dayton manager.

Buckeye Union hosts were S. W. Schellenger, agency superintendent, Vice-presidents J. A. Dodd and D. A. Haverick, and H. L. Andrews, automobile underwriter.

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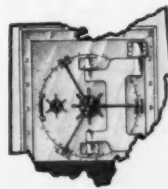
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Education Program Participants Get Special Accolades

One feature of the convention of Ohio Assn. of Insurance Agents at Cleveland was the special recognition given those who have participated in what the association regards as one of its most important activities, education. A number of field men were awarded certificates and wallets at the opening luncheon by John W. Hemphill of Painesville, education chairman and the new vice-president.

As Hugh K. Dawson of Cleveland, retiring president, pointed out, the educational program has had a tremendous year. In all 34 one day workshops were held for 2,800 agents and agency personnel. Workshops were given at a number of colleges and universities, and the committee is working on three new schools to familiarize the new employee with the business, to sales train agent and employees, and to instruct local boards and insurance women's groups in fire and casualty. With these, he declared, the Ohio association will be offering the best educational program in the country.

A number of field men participated in a school Monday morning with Mr. Hemphill presiding. Speakers were Carl Strong of Michigan State university who heads the Michigan association's educational program, and Douglas Avery of the Ohio department of education. The field men were guests of the association the preceding day when the New York Giants beat the Cleveland Browns.

Field men recognized with certificates for teaching in three or more schools were Ronald Streeter of Hartford Accident, Jack Seibold of Aetna Casualty, George Renkert of Aetna Casualty, Donald Mennie of Home Indemnity, Robert Leifer of American Surety, Milse Lash of U.S.F.&G., Edgar Kroger of Fidelity & Casualty, E. M. Kellett of American Surety, Ray Fielder of Yorkshire, Victor Carlson of National Union, William Barr of Glens Falls, Wade Ballard of Massachusetts Bonding, Norman Sylesworth of U.S.F.&G., Donald Webster of Scottish Union.

Also Paul Smith of American, George Rush of Phoenix of London, Robert Leedy of Crum & Forster, Ben Jacoby of Aetna Casualty, Thomas Hutch of American, William Gibson of North British, Frank Fritsch of America Fore, William Buntrock of Commercial Union, H. Y. Bain of Glens Falls, and Vern Olsen of New Amsterdam.

The wallet for those who partici-

pated in six or more courses went to George Wheaton of Fireman's Fund, L. F. Brock of America Fore, E. C. Schoumacher of Maryland Casualty, Fred Selsor of Fidelity & Casualty, E. O. Platell of American Surety, E. R. Spisak of Maryland Casualty, Raymond Kapp of Phoenix of Hartford, Fred Schroer of Home, D. H. Garlock of Travelers, William Venable and Louis Von Ville of U.S.F.&G., Bob Floyd of Hartford Fire, Paul Down of Commercial Union, T. J. Tippy of Aetna Casualty and Ray Douglass of Agricultural.

Top Ohio Trophy Goes To Falconer

Robert D. Falconer of Toledo, head of the Picton Cavanaugh agency, was awarded the Paul Revere trophy by Ohio Assn. of Insurance Agents, for his outstanding contribution to the business during the past year. Mr. Falconer has furnished outstanding guidance and counsel in the legislative field. He served during the past year as chairman of the legislative committee and was a leader in the competitive workmen's compensation movement. For many years Mr. Falconer's agency had more CPCU's among its personnel than any agency in the country.

Previous winners of the trophy include Arthur M. O'Connell of Cincinnati, C. H. Eichhorn of Columbus, E. B. Berkeley of Cleveland, Hoyt G. Whitney of Sunbury, Fred H. Johnson of Columbus, and J. Douglas Torrance of Marion.

Central Ill. Buyers Stress Large Fire Prevention

Central Illinois chapter of American Society of Insurance Management adapted its October program to Fire Prevention Week. In conjunction with Decatur Assn. of Commerce and Ansul Chemical Co., the chapter sponsored a demonstration of first aid fire fighting equipment before an audience of 150 business and industry representatives. Stress was put on preventing large fires by controlling small ones.

After the demonstration there was an equipment display and dinner, followed by a movie depicting the experience of the plant protection man from an industrial concern.

Excelsior Names Glasson

Excelsior has appointed William D. Glasson field supervisor in Indiana and western Kentucky. He succeeds Allan C. Boggs Jr. Mr. Glasson previously was agency manager in Huntington, Ind., where he took Aetna Fire and U.S.F.&G. insurance courses. He has also done insurance engineering.

Missouri Agents Elect Griffith President

(CONTINUED FROM PAGE 1)

patrol, which asks for a revised driver's licensing law and stricter traffic enforcement provisions.

F. Vernon Griffith Jr. of Kansas City was elected president to succeed Lyman L. Winter of Jefferson City who was named state national director.

Other new officers are Harry Mills of Clinton, vice-president, and William Lakenan of Perryville, secretary-treasurer. The association had previously voted to limit its officers to four rather than seven and to elect 10 board members rather than have appointed committee chairmen serve in that capacity.

New board members are H. A. Sloan and Morris S. Fogel, both of Kansas City; Oden Prowell, John Henschke and George Macke, all of St. Louis, and Wallace G. Wilson of Joplin, Ralph J. Martz of Warrensburg, G. H. McCullough of Trenton, Dave Hawkins of Shelby and C. Clarence Scott of Sikeston.

The board, at a meeting following the closing session of the convention, named Mrs. Marge Guemmer executive secretary. Mrs. Guemmer has been with the association for two years and has been acting executive secretary since June 1, 1956. She was formerly with Jefferson City Chamber of Commerce.

The three-day meeting opened Sunday afternoon with a local board meeting open to all association members. The St. Louis board was welcomed back into the state association but when called upon for its annual report, identified itself as "the newest member of the Missouri association with no comments to make." The various local boards reported on their progress with the safe-teen program, which the association is sponsoring in many Missouri schools.

Robert C. Raisbeck of Home, western public relations director for Missouri Fire Underwriters Assn., sought the agents' views on the caravan meetings conducted by the field men's group. He said that the caravan topics were getting away from explanation of coverages and emphasizing sales techniques.

Harry E. McClain, executive secretary of Indiana Assn. of Insurance Agents, explained the membership growth of the Indiana association from 283 in 1939 to 1,103 in 1956. He said the Indiana association had a decrease in the number of local boards in the past year, but no decrease in total dues. "Agents are getting fat and lazy,"

he said. "But they will pay dues to their association because they want someone else to do their work for them." He said the biggest difference in the association today is not the amount of dues collected but in active participation. He called for "old-timers to get back into harness and instill enthusiasm into younger members for the solution of problems through group action on a local level." He described active local boards as the basis of successful state and national associations and called for the formation of stronger local boards to fight legislative battles and solve problems of the insurance industry.

Manchester Bank of St. Louis, which operates a bank-agent plan throughout the state for financing automobiles, was host Sunday evening at a tour of the bank, cocktail party and buffet supper.

The first session on Monday was an executive committee meeting, which was again open to all association members. Maurice T. Dunklin of Cape Girardeau, in his report as chairman of the education committee, commended Central Missouri State college for co-operating with the association in sponsoring its annual institute. He criticized the University of Missouri for refusing to allow the association to hold the institute on its campus unless it was open to mutual agents and unless mutual company representatives participated as instructors. Nellie Iman, chairman of the legislative committee, urged that an agents qualification bill be presented at the first session of the legislature. She said the late presentation at the last legislative session was primarily responsible for the measure's defeat. Among recommendations made to the new directors were: Cooperation with mutual agents in sponsoring an agents' qualification bill, study and revision if necessary of the Missouri insurance code and prompt action on plans for the annual educational institute.

Mr. Winter, in his president's report, reviewed activities of the past year and said he was happy that the St. Louis board was again a part of the association. He called for active support of the safe-teen program, and agents' qualification legislation on the grass roots level, formation of additional local boards and "100% use of the new NAIA emblem."

Robert Braddock, retiring state national director, in his report on NAIA activities, said the most significant de-

(CONTINUED ON PAGE 44)

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Parker Named President of Nebraska Assn.

(CONTINUED FROM PAGE 1)

the rural and small lines agents. Paul G. Gordon, Grand Island, was recognized for service as chairman of the first annual central Nebraska insurance day. John J. Brittan, the new secretary-treasurer, was praised for his work in forming a county board in his home county. Paul C. Morgan, Hay Springs, was honored for an outstanding record of community service, including being a volunteer weather observer for 40 years. C. Fred Gund Jr., Crawford, was also selected for his winning of the grand award of the Insurance Advertising Conference for the best local agency advertising program for 1955.

The Hastings Assn. of Insurance Agents won the local board achievement award. The Omaha board was second and the North Platte board third.

President Parker appointed the new executive committee. They are as follows: Kenneth F. Schenck, Omaha; Don F. Newville, Lincoln; Jesse Benson, Wymore; Joseph W. Morten, South Sioux City; Frank J. Stuffs, Superior; W. D. Newberry, North Platte, and James D. Fenimore, Scottsbluff. Messrs. Newville, Benson and Newberry are holdovers from the previous year.

J. G. Elliott, Scottsbluff, was elected president of the Past Presidents' Club. Roland H. Swanson, Omaha, was elected president of the Nebraska chapter of CPCUs, with Dwight C. Perkins of Lincoln vice-president, and B. J. Steinauer, of Steinauer, secretary-treasurer.

One resolution adopted called for a more realistic approach and a "firmed-up" attitude on adjusting losses for

ager of National Automobile Underwriters Assn., who spoke on the new family auto policy, and George V. Whitford vice-president of Fire Assn., who spoke on package policies.

Thursday afternoon there was an agency management workshop and speakers were Frank R. Reilly, assistant secretary of AFCA Time Payments; C. Fred Gund Jr., of Crawford, and Richard J. Layton, vice-president of Rough Notes Co.

The Friday afternoon session was a sales clinic and featured Robert E. Maynard, insurance buyer of the Curtis Candy Co., and W. Wallace Keenan, vice-president of the Leo A. Daly Co., Omaha.

Archie Slawsby, member of the executive committee of National Assn. of Insurance Agents, delivered a resounding address entitled "The Solid Gold Customer" at the Friday luncheon.

In his annual report of the administration, President Barker called upon agents to demonstrate continued faith in the companies which have supported them over the years. He said, "I am disturbed about the lack in certain circles of faith in those friends we have had for years in this great business of ours. The American agency system will survive only so long as we as agents keep faith with those companies which over the years have been our partners in progress."

Mr. Barker has become known widely throughout the country as one of the strongest advocates of a stronger affinity between company and agent. In addition to exhorting agents to reaffirm their faith in companies, he also asked the companies for better support of their front-line producers. He had this to say in his annual report: "And to some of our good friends among company officials, I would respectfully suggest: Come down, please come down, from your ivory towers. There is something new under the sun. The local agent needs only three things: A quality product, merchandising in the modern manner, and a realistic price—and these things are in the public interest! Given these three things, we will lick any competition on the face of the earth." Mr. Barker pointed out that membership in the association is at an all-time high with all important insurance agencies in the state represented among the membership.

Combined Auto Statistics Planned for West Coast

(CONTINUED FROM PAGE 1)

independent companies making up Pacific Coast Advisory Assn., and that meeting was held at Los Angeles Oct. 1. In addition to Mr. Leslie, the bureau was represented by Rollo E. Fay, Pacific Coast manager.

A week or two ago, addressing northern California chapter of CPCU, Mr. Leslie said:

"Here in California, our bureau members insure nearly 1 million private passenger cars each year for automobile bodily injury insurance. It is quite obvious that by any known statistical concept, this volume in sufficiently large to produce fully credible experience for rate making purposes. Despite that fact, we are giving serious consideration to a suggested broadening of our experience base to include experience reported to the Pacific Coast Advisory Assn. by its member

companies. The consumation of such a program is dependent upon the ability to develop a procedure for the exchange of experience and consultation respecting rate revisions that is mutually agreeable to the Pacific Coast Advisory Assn. and to the National Bureau. This matter is under study at the present moment."

The bureau and NAUA are reviewing automobile rates throughout the country, and changes in California are imminent. The meeting between the Bureau and the Pacific Coast people Oct. 1 was not so much the immediate rate problem, but the long range outlook. It is reported that the Bureau

and NAUA will have their new rates for California published before the end of this year on a concurrent basis. This would be the combined Bureau-NAUA statistics together with the independent figures of Pacific Coast Advisory Assn., establishing immediately a broader basis of credibility.

Commissioner McConnell has let it be known that these forthcoming rate revisions will be studied by the department in the light of the responsibility of rating bureaus under the rate regulatory act to provide statistical information reflecting current and actuarially sound statistics properly treated and not by competitive device.



Commissioner Thomas R. Pansing of Nebraska (center) swears in four distinguished persons as admirals in the Great Navy of Nebraska. Others in the picture are left to right: Frank R. Reilly, New York City; Archie W. Slawsby, Nashua; C. Fred Gund Jr., Crawford, Neb., and Robert E. Maynard, Chicago.

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Rates—\$20 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

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An attractive new Claims Staff position is available for a Director of Claims Reports and Controls. He will function as a Staff Assistant analyzing and interpreting statistical data of claims operations, with particular emphasis on loss ratios and reserves. He will advise on current trends of the industry, Claims Reserving policy, etc.

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Immediate opening in Cincinnati, Ohio Branch of large multiple line Mutual Insurance Co. for man experienced in handling Casualty Claims. Salary to be commensurate with experience. Many employee benefits including excellent retirement plan. For further information write Box P-78, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill., giving full details of academic and employment background.

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Small, rapidly growing Mutual Company writing automobile coverage only, exclusively in Michigan, wants man to head claims department. Home office in Detroit. Prefer man 30 to 40. Please write stating age, education, experience, family background, salary expected and any other pertinent information. Address Box P-95, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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Small Chicago agency. Going business for 15 years. Gross income \$20,000 annually. Substantial amount of direct business. Stock company representation. Owner other interests. Address Box P-91, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

CHARTER FOR SALE

Organized 1939. Article 7 Mo.—Legal Reserve Mutual—never licensed—can be licensed immediately. Covers all lines including full coverage automobile (except Fire and Life). Address Box P-92, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

INSURANCE ACCOUNTANT

Excellent opportunity for young man 25 to 35 with progressive multiple line company—upper Midwest. Must be familiar with taxes, annual statement preparation, statistics and investment accounting. Address reply to Box P-94, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

CASUALTY UNDERWRITER

In old established Stock Fire Insurance Group, now a Multiple Line Company. Located in Northern Illinois. Minimum 3 to 5 years' experience. Write Box P-97, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill., giving complete education, experience, age, etc., first letter.



Fred Parker



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non-shareholder companies by the two public adjusting firms doing business in Nebraska and owned by stock companies.

Another resolution called for an adjustment on farm rates or a credit system for superior farms in the state.

Still another resolution called for a modification of the rate basis for writing insurance on uncut grain, and mentioned the adoption of an acreage rather than the present blanket basis.

Two resolutions pertaining to traffic safety were adopted. One called for lengthening of "no-passing" lines on hills due to the lower height of new automobiles. The other praised the governor for his work in behalf of traffic safety and reaffirmed support of the Nebraska Traffic Safety Foundation.

One of the finest educational programs ever presented at a Nebraska convention was met with a tremendous response by both local agents and company men. Three separate sessions were presented in accordance and in keeping with the public service theme.

The first session was presented by the CPCUs. Bruce E. Greenberg served as moderator of a panel billed as a "What's New?" panel. Assisting him were Robert A. Nelson, assistant man-

Missouri Agents Elect Griffith President

(CONTINUED FROM PAGE 42)

velopment was the demand and enthusiasm by state associations for a national advertising program. He said the greatest accomplishments of the NAIA during the year had been made through the collective strength, support and activity of members all over the country.

E. J. Nonnenkamp, vice-president of Manchester Bank, opened the general session Monday afternoon. He cited the some 20 years of cooperation between the bank and agents in the state through the bank-agent plan. He said the bank financed some 1,900 autos so far this year involving \$2,750,000.

He said the average insurance premium involved is 10% of the loan or some \$275,000 in premiums for local agents. He explained the operation of the plan and pointed out that the agent is in no way responsible for the loan or collection of installments. "The plan provides financing at rates usually lower than finance companies," he said, "and offers the automobile buyer insurance through a qualified agent. Although the plan requires only fire, theft and collision coverage, he said, most agents sell complete coverage including credit life.

Dave R. McKown, NAIA executive committee member from Oklahoma City, outlined benefits of NAIA membership and said activities of the association can be divided primarily into preventative and affirmative. Among preventative activities of the association, he listed opposition to the Butler Bros. group plan, free accident insurance by auto manufacturers and FHA self-insurance. On the affirmative side, Mr. McKown listed NAIA activities in flood insurance, nuclear insurance, committees to influence improvements in coverages and the national advertising program.

As in previous speeches at state conventions, Mr. McKown was sharply critical of stock companies for not providing an insurance alternative to compulsory. He quoted portions of the UM coverage offered by Allstate in its new Crusader policy and said, "If they can do it, why can't our companies." He also criticized Assn. of Casualty & Surety Companies for its support of unsatisfied judgment funds as an alternative to compulsory.

He said the number one problem facing agents today is what they will do when companies offer them contracts with subsidiaries, which offer deviated rates, reduced commissions and direct-billing as a solution to inroads by direct-writer companies. He said the solution as he sees it is not "these Safeco-type plans, but realistic rating by classes. Every class would provide equal opportunity for profitable business," he said, "if rates were established which required each class to stand on its own feet."

He said NAIA executive committee

members have been assigned to discuss problems with top company executives and consideration will be given to practices which he feels contribute to additional expense such as flat cancellations, free supplies, companies writing policies and paying full commissions and collection practices.

Missouri Fire Underwriters Assn. presented a program which included skits on the office contents special form and rule changes and a talk on the services offered agents by the field men's organization. Ray C. Snodgrass of the Crum & Forster companies moderated the session.

George W. Goeddeke of Aetna Fire and Robert C. Raisbeck of Home played the part of a field man and agent in a skit which outlined the coverages and exclusions under the office contents special form.

R. J. Michaelson of the Crum & Forster companies and R. O. Bowden of America Fore group used the same dramatic form for presentation of recent rule changes in Missouri.

What field men offer to agents through Missouri Fire Underwriter Assn. was outlined by Henry Teicher of Phoenix of Hartford, president of the association. The Missouri field club, he said, could provide speakers for agents and other groups, films, instructors for educational institutions, publicity releases for agents who attend field meetings, newspaper publicity on the part played by insurance and local agents in catastrophe work, scripts on fire prevention and insurance for radio and TV and various pamphlets for distribution to clients. He pointed out that the association also offers four company-sponsored scholarships for high school seniors and said there are seldom enough applicants for the number of scholarships offered in Missouri. He urged agents to seek out qualified young men to apply for the scholarships.

Mr. McClain was the concluding speaker at the afternoon session. He scoffed at those who say the American agency system is on trial and said "it's not the system that's on trial, but the people who are in it." He said there is nothing wrong with the system that work won't cure and criticized agents who "do not work for their business and sit around waiting for their state agents' association to fight their battles for them."

"The Indiana association at one time asked agents what it could do for the agent," he said, "but it has now changed its philosophy and is asking agents what they can do for the association." Agents should be vitally interested in preserving the agency system, he said, and they can't expect an association to solve the problems of the industry without cooperation and participation from agents.

He said the really good agents are not afraid of direct writers and should not try to imitate their methods but, instead, should prove that the American agency system is the best method of insurance distribution.

Mr. McClain criticized those companies that are trying to compete on a price basis through the formation of "pups" which write on a deviated rate and pointed out that any procedure or change, such as direct-billing, which minimizes contact with insured, is not in the best interest of either agents or insured. He called attention to the failure of several companies in recent weeks and urged agents to scrutinize

carefully the operations and financial strength of the companies they represent.

Monday's program concluded with a dance sponsored by the American-Associated companies.

Tuesday's session opened with a review of opportunities in school insurance by W. H. Crandall, St. Louis manager for Aetna group. Mr. Crandall pointed to the increase in the number of students, cost and number of school properties and the cost of education as an opportunity not only for increased commissions, but a greater opportunity for real public service. He explained that agents have a public duty to serve in the planning of school construction as well as school insurance programs.

"The public has a right to look to the insurance agent for advice that will prevent construction of structures which produce excessive insurance costs," he said. "Advice available to agents from company engineering departments and inspection bureaus," he said, "can provide sounder, safer construction and minimum insurance rates."

Mr. Crandall referred to several "cozy" situations in the handling of school and municipal insurance and urged agents to bring examples of these practices to light. He recommended that agents in communities which do not already have a school insurance program arrangement, either through the local board or an informal group, set up a program for consideration by the school board. He cautioned against one man control of school insurance, saying that it seldom exists for long, does not have community support and that when the end comes, the insurance program often "slips into the hands of the irregular markets." He said that an informal group handling the school insurance program without much fanfare or community backing often meets the same fate. "Therefore," he said, "don't work quietly in the background. Use every legitimate means available to make the group handling the program one of stature, capable of making valid statements on the issues as they develop and whose intentions can be relied upon. This is the value of identification with local, regional or state insurance organizations."

Mr. Crandall also distributed a listing of exposures to which schools are subject and the coverages that have been designed to meet those exposures. He urged agents to use the check list to formulate for their school board a predictable, strong, considerate, flexible program with proper engineering and at the lowest cost commensurate with those principles.

Coverages under the family auto policy were outlined and explained by Travis S. Gitlin of North British group. He suggested that agents use the liberalized coverages as a selling point to show what insurance can do if properly handled. Mr. Gitlin answered several specific questions by agents and pointed out that all owned cars must be insured in one company to provide automatic coverage under the policy for newly-acquired autos.

Strict traffic enforcement and specific penalties written into traffic laws were called the only solution to the present traffic problem by Sgt. F. W. Shadwell, public relations and education director for Missouri state highway patrol. He said the problem would be solved, however, only when citizens of this country want it solved bad enough to pay the price of strict

penalties. "Apprehension for traffic violations," he said, "is not enough. Equally strong enforcement in the courts is necessary if the traffic accident problem is to be solved." He asked the association to support a 10 point legislative program which the highway patrol feels is necessary for stricter enforcement. The program calls for stricter licensing laws, uniform penalties in state and municipal courts, a zoned speed law, broadened safety requirements, a motor vehicle inspection law and an increase in highway patrol personnel.

William Dunham, president of the St. Louis board, presided at the closing luncheon. He said the board was "happy to join the ranks again and never felt there was anything wrong with the state association." He proposed that members of the state association "forget about past differences and work together for greater progress." He said that although the decision by the directors of the St. Louis board to reaffiliate with the state association had not been approved by the membership in a formal vote, he felt confident the members would approve the board's action at their annual meeting.

Cape Girardeau won the outstanding local board award for the third successive time. Hobart A. Martin, vice-president of Maryland Casualty, presented the award which is furnished by his company.

Russell L. Wren of Jefferson City won the Royal-Liverpool agent's award for the best sales approach in a particular situation. Arthur E. Hogan, St. Louis manager for the group, made the presentation on behalf of Royal-Liverpool.

New officers were installed by Superintendent Leggett, who praised the association for its cooperation with the department and said he was pleased to note that "the differences which divided the association have been settled." He warned against federal intrusion in insurance and urged the association to form a "united bulwark to watch that abuses do not creep in."

Mr. Griffith in a brief speech as the new president of the organization said he would emphasize an increased membership program and as many effective activities as were economically feasible during his year in office. He pointed out that an earlier statement made by him was not to be construed as opposing legislative activities by the association and indicated that he was in favor of constructive legislation but felt that the association should not obligate itself to legislative activities unless it was financially able to continue and see those activities through to completion without imposing additional financial burdens on the association members.

Kansas City CPCUs Elect Lorie President

Kansas City chapter of CPCU at its annual meeting elected Percy S. Lorie, Lorie agency, president; John B. Owen, Central Mutual Casualty, vice-president; Moulton Green Jr., R. B. Jones & Sons, secretary; Gerald S. Sanders, American Mutual Liability, treasurer; Blakely W. Bush, North Star Reinsurance, and Robert E. Morgenthaler, Associated Agencies, directors.

The chapter will hold its all-industry luncheon on Nov. 19, at which time a regional conference will be conducted for all persons in the Kansas City area who received CPCU designations this year.

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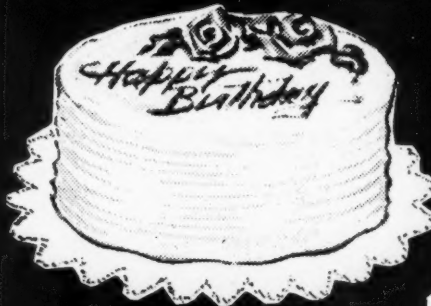
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